

5 CLOSED
STACKS



GOVERNMENT INFORMATION CENTER
SAN FRANCISCO PUBLIC LIBRARY

SAN FRANCISCO
PUBLIC LIBRARY

REFERENCE
BOOK

Not to be taken from the Library

EC 12 2000

SAN FRANCISCO PUBLIC LIBRARY



3 1223 05718 2884



Digitized by the Internet Archive
in 2013

<http://archive.org/details/1calendarmeetingo1993sanf>

C A L E N D A R

MEETING OF
BUDGET COMMITTEE
BOARD OF SUPERVISORS
CITY AND COUNTY OF SAN FRANCISCO

DOCUMENTS DEPT.
MAR 04 1993
SAN FRANCISCO
PUBLIC LIBRARY

WEDNESDAY, MARCH 3, 1993 - 2:00 P.M.

ROOM 228, CITY HALL

PRESENT: SUPERVISORS MIGDEN, HSIEH

ABSENT: SUPERVISOR SHELLEY - ITEMS 1-5

CLERK: KAY GULBENGAY

NOTE: Copies of the Budget Analyst's Report will be available for review on the counter in the Office of the Clerk of the Board, Room 235, City Hall, 10:00 a.m., the date of the meeting.

1. File 101-89-34.10. [Release of Funds] Requesting release of reserved funds, Public Library, in an amount totalling \$361,746, for costs associated with two branch library renovation projects (Chinatown and Mission). (Public Library)

ACTION: Hearing held. Release of \$149,746 recommended. Filed.

2. File 166-93-1. [Recision of Tax Sale] Resolution authorizing the Tax Collector to cancel the tax deed issued to the purchaser of 1398 Hudson Avenue following the August 31, 1992 public auction of tax defaulted property and to refund the bid amount to the purchaser. (Tax Collector)

ACTION: Hearing held. Recommended.

3. File 207-93-7. Hearing to consider alleged abuse of the San Francisco Police Department's contingent fund. (Supervisor Hallinan)

ACTION: Continued to March 10, 1993 meeting at the request of the sponsor.

4. File 100-93-2. Hearing to consider Joint Report by Mayor, Controller, and Budget Analyst regarding the 1993-94 fiscal budget year projected revenues and expenditures. (Supervisor Migden)
(Continued from 2/24/93)

ACTION: Hearing held. Continued to March 10, 1993 meeting.

5. File 161-93-2. Hearing to consider what disposition will be made of the approximately \$24 million received from Olympia & York for the purchase of Redevelopment Land in view of the probable default by Olympia & York. Specifically, what would be the impact on the Redevelopment Agency if some or all of this impact on the Redevelopment Agency were made available to the City's General Fund. (Supervisor Migden)

ACTION: Hearing held. Filed.

CITY AND COUNTY



OF SAN FRANCISCO

BOARD OF SUPERVISORS

BUDGET ANALYST

1390 MARKET STREET, SUITE 1025

SAN FRANCISCO, CALIFORNIA 94102 • TELEPHONE (415) 554-7642

March 1, 1993

TO: Budget Committee
FROM: Budget Analyst
SUBJECT: March 3, 1993 Budget Committee Meeting

Item 1 - File 101-89-34.10

Department: San Francisco Public Library
Department of Public Works
Bureau of Architecture

Item: Request for release of reserved fund, Public Library, for costs associated with two branch library renovation projects (Chinatown and Mission).

Amount: \$361,746

Source of Funds: 1988 Library Improvement Bond Funds

Description: The Board of Supervisors previously approved a supplemental appropriation ordinance (File 101-88-34) in the amount of \$11,366,423 for various capital improvements, including branch library renovations, and reserved a total of \$3,940,270. The proposed request of release of \$361,746 from the previously reserved funds of \$3,940,270 would be used for the following:

Mission Branch Library

DPW Design Costs	\$ 57,000
DPW Surveying Costs	5,000
Asbestos Abatement	33,000*
Art Enrichment	<u>20,000</u>
Total Mission Branch Library	\$115,000

Chinatown Branch Library

Art Enrichment	17,746
Asbestos Abatement	<u>229,000*</u>
Total Chinatown Branch Library	\$246,746

Total Requested Release of Reserved Funds **\$361,746**

*Asbestos abatement totals \$262,000.

Comments:

1. According to Mr. Glenn Hunt of the Department of Public Works (DPW), Bureau of Architecture, the DPW Design and Surveying costs would be used for existing DPW bond-funded personnel. The DPW personnel that would be funded with the proposed release of reserved funds and the hourly rates, including DPW Bureau overhead, are as follows:

Design Costs - Mission Branch Library

<u>Personnel</u>	<u>Hours</u>	<u>Hourly Rate</u>	<u>Total</u>
Principal Engineer	60	\$100	\$6,000
Senior Engineer	100	80	8,000
Engineer	200	75	15,000
Associate Engineer	400	70	<u>28,000</u>

Total Design Costs: **\$57,000**

Surveying Costs - Mission Branch Library

<u>Personnel</u>	<u>Hours</u>	<u>Hourly Rate</u>	<u>Total</u>
Senior Surveyors	24	120	\$2,880
Land Surveyors	11.5	80	920
Drafters	24	50	<u>1,200</u>

Total Surveying Costs: **\$5,000**

2. According to Ms. Susan Pontius of the Arts Commission, the reserved funds budgeted for Art Enrichment would be for existing Arts Commission personnel, related overhead and Artists' fees and materials. Specifically, the reserved funds would be used as follows:

BOARD OF SUPERVISORS
BUDGET ANALYST

Mission Branch
Curator II \$4,000

Funding for salary, fringe benefits and related overhead including postage, copying and clerical assistance. Biweekly salary for a Curator II is approximately \$1,555.

Artist Fees 16,000

Funding for artists and related materials and supplies. One artist would be selected from two proposals, either Horace Washington or Emanuel Montoya.

Total Mission Branch Art Enrichment \$20,000

Chinatown Branch
Curator II \$5,000

Funding for salary, fringe benefits and related overhead including postage, copying and clerical assistance. Biweekly salary for a Curator II is approximately \$1,555.

Artist Fees 12,746

Funding for artists and related materials and supplies. Artist selected for the project is Rene Yung.

Total Chinatown Branch Art Enrichment \$17,746

3. Mr. Steve Mullinex of the DPW reports that the asbestos abatement work would entail surveying, inspection and the actual abatement work. Mr. Mullinex reports that the inspection and surveying work would be completed by A.C.C. Environmental under an existing master agreement with the City. A.C.C. Environmental is not a City-certified MBE or WBE firm. The hourly rates, including overhead, for A.C.C. Environmental vary from \$96.91 for a Principal to \$31.80 for a Air Monitoring Technician. Specifically, the following funds would be paid to A.C.C. Environmental:

Mission Branch \$10,000

Chinatown Branch 40,000

Total for A.C.C. Environmental \$50,000

BOARD OF SUPERVISORS
BUDGET ANALYST

4. As noted above, a total of \$262,000 is being requested for asbestos abatement (\$33,000 for Mission Branch library and \$229,000 for the Chinatown Branch). Therefore, a total of \$50,000 would be provided to A.C.C. Environmental and the remaining \$212,000 would be used for the actual asbestos abatement work. Mr. Mullinex reports that the contractors for the abatement work have not yet been identified. Therefore, \$212,000 should continue to be reserved pending the selection of contractors, identification of the MBE and WBE status of the contractors and finalized cost details.

- Recommendations:**
1. Release the reserved funds in the amount of \$149,746 (\$361,746 request less \$212,000 as discussed in Comment No. 4 above).
 2. Continue to reserve funds totaling \$212,000 for asbestos abatement, pending the selection of contractors, identification of the MBE and WBE status of the contractors and finalized cost details.

Item 2 - File 166-93-1

Department: Tax Collector

Item: Resolution authorizing the Tax Collector to cancel the tax deed issued to the purchaser of 1398 Hudson Avenue following the August 31, 1992 public auction of tax defaulted property and to refund the bid amount to the purchaser.

Amount: \$13,074

Description: The Tax Collector reports that a parcel of property at 1398 Hudson Avenue was sold erroneously at a public auction of tax defaulted properties on August 31, 1992. The Tax Collector reports that the subject property should not have been sold because an individual claiming to have a legal interest in the subject property did not receive an authorized notice of sale as required by Section 3701 of the California Revenue and Tax Code.

The proposed resolution would authorize the Tax Collector to cancel the tax deed for the subject sale of the property and refund the entire purchase price of \$13,074 to the purchaser of the subject property.

Comment: The Tax Collector reports that the purchaser of the subject property, Merrill W. Bryan and Earline L. Bryan, have given their consent to rescind the tax sale and have surrendered their tax deed on the 1398 Hudson Avenue property to the Tax Collector.

Recommendation: Approve the proposed resolution.

Item 3 - File 207-93-7

1. This item is a hearing to consider alleged abuse of the San Francisco Police Department's Contingent Fund.

2. Section 3.539 of the San Francisco Charter provides that the Board of Supervisors may appropriate an amount not to exceed \$50,000 in any one fiscal year to be known as the Contingent Fund of the Chief of Police. The Chief of Police may make disbursements from the Contingent Fund that in the Chief's judgment, shall be for the best interests of the City and County of San Francisco in the investigation and detection of crime. According to the Charter, such disbursements must be approved by the Police Commission. Once the \$50,000 has been appropriated by the Board of Supervisors, the individual expenditures are only approved by the Police Commission and not by the Board of Supervisors.

3. The City Controller requested his Audits Division to conduct a review of the recent department head departures at the San Francisco Police Department on March 31, 1992 and on May 14, 1992. The purpose of such a review is to ascertain that the Police Department took proper and adequate actions to safeguard the assets to which the department head had access. On October 27, 1992, the Audits Division released their report regarding the departures of the two former Chiefs of Police.

4. The Audits Division report included the following finding:

The Department does not always use the Contingent Fund consistent with the Charter's intent. Specifically, the Department has often used the Contingent Fund to pay for routine operational expenditures such as membership dues and office supplies, as well as for major purchases such as a fax machine and an automobile, each costing over \$7,000. Finally, the Department uses the Contingent Fund as a clearing account to pass through over \$1 million a year in expenses that were eventually refunded or paid by other agencies.

5. The Audits Division made a number of recommendations on the use of the Contingent Fund. The Audits Division recommended that the Police Department cease using the fund for routine operational expenditures, and pay only for emergency operational expenses. The Audits Division also recommended that the Police Department obtain clarification from the Board of Supervisors on how the Contingent Fund should be used, including guidance on expenditure priorities and limitations on the amount and type of expenditures allowable. The complete list of the Controller's Audits Division recommendations regarding the Contingent Fund, as they appear in the Audits Division report, is shown in the attachment.

6. Lieutenant Larry Ryan of the Police Department Fiscal Division indicates that numerous changes in policy and procedures regarding the Contingent Fund have been implemented since the Controller's Audits Division review was completed including the following:

- Funding for memberships in organizations has been requested in the Police Department's regular, annual budget for 1993-94 and appropriate legislation will be submitted to amend the San Francisco Administrative Code to include new organizations. Contingent Fund monies will no longer be used for memberships.
- A separate revolving fund is being requested to make advances for travel regarding out-of-state extraditions. The initial funding for such a revolving fund is included in the 1993-94 budget.
- The Contingent Fund will no longer be used as a clearing account.
- All costs of office materials and supplies are to be included in the department's regular, annual budget.
- The Contingent Fund will not be used for the purchase of vehicles. However, monies from the Contingent Fund will be used to rent vehicles that are to be used in undercover investigations when one of the department's regular cars might be too easily identified.
- The above changes in policy and procedures have been communicated to department staff through formal written memorandums. The Department intends to compile these changes in a written policy and procedures manual.

Comment

The Budget Committee may wish to consider adopting legislation to require that specific expenditures exceeding a certain dollar level should be subject to review and appropriation by the Board of Supervisors.

*Report by the Controller's Audits Division
San Francisco Police Department
October 27, 1992*

Recommendations

To ensure that the Department uses the Contingent Fund consistent with the Charter's intent, the Department should take the following actions:

- Cease using the Contingent Fund for routine operational expenditures. It should instead use established budget accounts or establish specific budget accounts for those expenditures which are currently not budgeted, and account for them on an annual basis.
- Obtain clarification from the Board of Supervisors on how the Contingent Fund should be used, requesting guidance on expenditure priorities and limitations on the amount and type of expenditures allowable.
- Adhere to Administrative Code requirements and list memberships in the Administrative Code and budget for them annually.
- Restrict using the Contingent Fund to pay advances for only emergency operational expenses. The Department should provide adequate documentation to substantiate the use of the Contingent Fund, and properly record the expenditures in the Controller's FAMIS. This would help ensure that the Department's expenditures are not understated in the City's accounting system.
- Establish procedures for making major purchases to ensure proper compliance with Purchaser requirements.
- Develop written guidelines for depositing and recording receivables, advance payments, and reimbursements. The Department should also establish procedures to deposit revenues directly to the City Treasurer's Office, including narcotic forfeiture funds and advance payments.
- Request the Board of Supervisors to approve establishing a separate fund exclusively for out-of-state extradition costs. An authorized amount of \$35,000 should be sufficient to cover these expenses.
- Request the Board of Supervisors for a policy to address the unused balances in the Contingent Fund. The Board's policy will determine whether the Department should close unused balances to the General Fund at fiscal year end or to carry forward those amounts to the next fiscal year.

Item 4 - File 100-93-2

Note: This item was continued at the February 24, 1993 Budget Committee meeting.

1. This item is a hearing is to consider the Controller's report of February 4, 1993 pertaining to the projected financial condition of the City and County which shows a projected deficit of \$5.5 million for Fiscal Year 1992-93 if no action is taken to correct the situation.

2. At the Committee meeting of February 24, 1993, Ms. Teresa Serata of the Mayor's Office submitted the attached schedule to the Committee containing the Mayor's proposed plan to eliminate the remaining estimated shortfall of \$5.5 million for Fiscal Year 1992-93. The Committee requested that Ms. Serata provide additional details pertaining to the proposed use of \$700,000 from the Narcotics Forfeiture Fund, and also to provide further details regarding the projected \$2 million shortfall of the Municipal Railway, including work furloughs, overtime, layoffs and Municipal Railway fares. The Committee also requested that Ms. Serata provide any new information on the status of the \$1.9 million of reserves previously established by the Board of Supervisors in the 1992-93 budget.

3. Ms. Serata reports that she will not have any further details regarding the Committee's requests until the March 10, 1993 Budget Committee Meeting. Ms. Serata points out that the next meeting of the Public Utilities Commission (PUC) is March 9, 1993. The PUC is still considering the issues pertaining to the projected shortfall of the Municipal Railway.

PROPOSED 1992-93 BUDGET REVISIONS

Available funds	(In Thousands)
Beginning General Fund reserve	8,800
Less:Port transfer	(1,000)
Savings from Dept underspending	12,900
Retirement rate change 1/30/93	10,000
Less:Revenue shortfall	(18,700)
Subtotal available	12,000
Projected Overspending	(17,500)
Departments overspending budget	
Remaining shortfall	(5,500)
Additional Expenditure Needs	
Sheriff-Overtime, M&S	(828)
Police "911"	(255)
Police-Clerks	(34)
JuvCourt-RealEstate	(10)
Parking & Traffic-Retrofit	(373)
Rec & Park-Candlestick	(400)
Subtotal Additional Needs	(1,900)
Projected Expenditure Need	(7,400)
Revenue Increase/Expenditure Reduction Proposals	
Public Health-2 day Furlough	1,800
Public Health-SalSavs/SB1255	1,000
Muni-Furloughs/OT/Layoffs/ Fares/City Atty	2,000
Board Reserve	1,900
Narcotics Forfeiture Fund	700
Total Proposed Rev Inc/Exp Dec	7,400
Estimated Shortfall	0

2/21/93

Item 5 - File 161-93-2

1. This item is a hearing to consider what disposition will be made of the proceeds received from Olympia & York for the purchase of land owned by the San Francisco Redevelopment (SFRA) in view of the probable default by Olympia & York. Specifically, what would be the impact on the SFRA if some or all of the proceeds paid by Olympia & York to the SFRA were made available to the City's General Fund.

2. Olympia & York has been making installment payments to the San Francisco Redevelopment Agency (SFRA) over the last two years towards the purchase of a piece of land in the Yerba Buena Project on the South side of Market Street between 3rd and 4th Streets known as Central Block One. Olympia & York intended to develop this parcel into an office building. According to Mr. Bob Gamble of the SFRA, the total cost of the property to Olympia & York, including interest payments, is approximately \$40 million. Olympia & York has made non refundable payments of approximately \$26 million. A final payment of the approximately \$14 million balance is due to the SFRA by 5:00 P.M. on Monday, March 1, 1993.

3. Mr. Gamble reports that Olympia & York has been experiencing financial difficulties and may not be able to make the final payment as scheduled, in which case the sale of Central Block One is in default and the approximately \$26 million, previously paid by Olympia & York to the SFRA, would be forfeited to the SFRA.

4. As to the possible transfer of the approximately \$26 million to the City's General Fund, Mr. Gamble states that this prior payment of \$26 million has already been committed in prior year SFRA budgets (SFRA budgets are approved by the Board of Supervisors) towards the construction of another parcel in the Yerba Buena Project known as Central Block Two, which is currently under construction to develop the Moscone Center expansion, cultural buildings, a public park and a cinema and retail complex. According to Mr. Gamble, should the \$26 million not be available for scheduled payments to the construction contractors, construction on Central Block Two would cease and the contractors could have legal remedies for work already performed, but for which they have not been paid.

5. Mr. Gamble also states that the \$14 million final payment if received, would be used for part of the construction cost (totaling approximately \$46 million) of Central Block Three that includes buildings to be occupied by providers of children's services. Mr. Gamble reports that none of the \$46 million for the construction of Central Block Three has yet been budgeted.

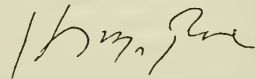
Comments

1. The Budget Analyst notes that should the SFRA find another buyer, in lieu of Olympia & York, for the Central Block One parcel, then to the extent that the proceeds from a new buyer exceeded the \$14 million needed for Central Block Three as noted in Point No. 5 above, it may be possible that such excess proceeds could be transferred to the City's General Fund.

Memo to Budget Committee
March 3, 1993

2. Mr. Gamble indicates that since federal Housing and Urban Development (HUD) monies were used for the original purchase of the Central Block One, there are restrictions on the uses of the proceeds from the sale of Central Block One such as using the funds for the benefit of low and moderate income housing or for non-commercial uses.

3. The Budget Committee may wish to request written confirmation of specific regulations which will restrict the use of the sale proceeds for the General Fund.



Harvey M. Rose

cc: Supervisor Migden
Supervisor Hsieh
Supervisor Shelley
President Alioto
Supervisor Achtenberg
Supervisor Bierman
Supervisor Conroy
Supervisor Hallinan
Supervisor Kaufman
Supervisor Kennedy
Supervisor Maher
Clerk of the Board
Chief Administrative Officer
Controller
Teresa Serata
Barbara Kolesar
Ted Lakey

0.07
2
/93
CALENDAR - Actions Taken

MEETING OF
BUDGET COMMITTEE
BOARD OF SUPERVISORS
CITY AND COUNTY OF SAN FRANCISCO

DOCUMENTS DEPT.
MAR 11 1993
SAN FRANCISCO
PUBLIC LIBRARY

WEDNESDAY, MARCH 10, 1993 - 2:00 P.M.

ROOM 228, CITY HALL

PRESENT: SUPERVISORS MIGDEN, SHELLEY

ABSENT: SUPERVISOR HSIEH - ITEMS 1-10

CLERK: KAY GULBENGAY

NOTE: Copies of the Budget Analyst's Report will be available for review on the counter in the Office of the Clerk of the Board, Room 235, City Hall, 10:00 a.m., the date of the meeting.

1. File 101-90-10.9. [Release of Funds] Requesting release of reserved funds, Department of Public Works, 1989 Earthquake Bond Fund, in the amount \$940,340, for the California Palace of the Legion of Honor, asbestos abatement contract, Earthquake Safety Program Phase I Project. (Department of Public Works)

ACTION: Hearing held. Release of \$940,340 recommended. Filed.

2. File 101-90-84.5. [Release of Funds] Requesting release of reserved funds, Fire Department - 1986 Fire Protection System Improvement Bonds, Series 1991B, in the amount of \$1,929,129, for the construction of eight new cisterns in areas that will include parts of the Richmond, Sunset and Marina Districts (North Point near Scott Street, Funston & California, 30th & Geary, 34th & Balboa, 38th & Geary, 41st & Balboa, 46th & Geary and 45th & Vicente). (Also see File 101-91-7.5) (Fire Department)

ACTION: Hearing held. Release of \$1,929,129 recommended. Filed.

3. File 101-91-74.2. [Release of Funds] Requesting release of reserved funds, Department of Public Works - 1990 Earthquake Safety Bond Fund, in the amount of \$2,053,951, for seismic upgrade and earthquake repairs, the music concourse Spreckles Temple of Music, Earthquake Safety Program Phase II Project 100-01. (Department of Public Works)

ACTION: Hearing held. Release of \$2,053,951 recommended. Filed.

4. File 101-92-42. [Government Funding] Ordinance appropriating \$3,100,000, Water Department, for various capital improvement projects. RO #92175 (Controller)

ACTION: Hearing held. Amended on page 1 line 2 by adding "placing \$550,000 on reserve"; and on line 17 by adding "Section 2. Funds in the amount of \$550,000 are hereby placed on reserve pending selection of contractors, and determination of the cost details and the MBE/WBE status of the contractors, to be released by the Budget Committee."

New Title: "Appropriating \$3,100,000, Water Department, for various capital improvement projects; placing \$550,000 on reserve."
Recommended as amended.

5. File 101-92-43. [Government Funding] Ordinance appropriating \$19,576,000, Water Department, for various capital improvement projects. RO #92176 (Controller)

ACTION: Hearing held. Amended on page 1 line 1 by replacing "\$19,576,000" with "\$19,565,390"; and on line 2 by adding "placing \$8,240,000 on reserve" and further amended on line 10 by replacing "\$4,876,000" with "\$4,865,390"; on line 13 by replacing "\$2,360,000" with "\$2,349,390"; on line 23 by replacing "\$19,576,000" with "\$19,565,390"; on line 24 by adding "Section 2. Funds in the amount of \$8,240,000 (including \$500,000 for consultants services related to mitigation and revegetation work and \$7,740,000 for construction contracts for water main replacement program) are hereby placed on reserve pending additional cost details and the MBE/WBE status of the contractors, to be released by the Budget Committee."

New Title: "Appropriating \$19,565,390, Water Department, for various capital improvement projects; placing \$8,240,000 on reserve."
Recommended as amended.

6. File 27-93-2. [Airport Administration] Resolution approving a declaration of emergency – emergency cable replacement, cable 12BPBG-2 – San Francisco International Airport – \$45,000. (Airports Commission)

ACTION: Hearing held. Amended on page 1 lines 4 (in title) and 14 by replacing "45,000" with "29,696."

New Title: "Approving a declaration of emergency – emergency cable replacement, cable 12BPBG-2 – San Francisco International Airport – \$29,696."

Recommended as amended.

7. File 27-93-3. [Airport Administration] Resolution approving Airport Contract No. 3230, approving a declaration of emergency, emergency transformer repair, LC-T84, B/A "F" Hub, San Francisco International Airport – \$110,000. (Airports Commission)

ACTION: Hearing held. Amended on page 1 lines 4 (in title) and 18 by replacing "\$110,000" with "\$62,000."

New Title: "Approving Airport Contract No. 3230, approving a declaration of emergency, emergency transformer repair, LC-T84, B/A "F" Hub, San Francisco International Airport – \$62,000." Recommended as amended.

8. File 207-93-7. Hearing to consider alleged abuse of the San Francisco Police Department's contingent fund. (Supervisor Hallinan)
(Continued from 3/3/93)

ACTION: Continued to March 24, 1993 at the request of the sponsor.

9. File 100-93-2. Hearing to consider Joint Report by Mayor, Controller, and Budget Analyst regarding the 1993-94 fiscal budget year projected revenues and expenditures. (Supervisor Migden)
(Continued from 3/3/93)

ACTION: Hearing held. Filed.

10. File 211-93-1. Hearing to consider creation of a special benefit assessment district to fund fire suppression services. (Supervisor Migden)

ACTION: Continued to call of the chair at the request of the sponsor.

07
93
CITY AND COUNTY



Public Library, Documents Dept.
ATTN: Jane Judson
OF SAN FRANCISCO

DOCUMENTS DEPT.

MAR 10 1993

SAN FRANCISCO
PUBLIC LIBRARY

BOARD OF SUPERVISORS

BUDGET ANALYST

1390 Market Street, Suite 1025, San Francisco, CA 94102 (415) 552-9292

March 8, 1993

TO: Budget Committee
FROM: Budget Analyst *Recommendations*
SUBJECT: March 10, 1993 Budget Committee Meeting

Item 1 - File 101-90-10.9

Departments: Department of Public Works (DPW)
Fine Arts Museums

Item: Release of reserved funds for contract services for the Fine Arts Museums/Palace of the Legion of Honor

Amount: \$940,340

Source of Funds: 1989 Earthquake Safety Bond funds

Description: In November of 1989, San Francisco voters authorized the sale of \$59.7 million of General Obligation bonds to fund capital improvements to improve earthquake safety in City-owned buildings. In October, 1990, the Board of Supervisors approved a supplemental appropriation ordinance (File 101-90-10) which allocated \$18,927,166 of the 1989 Earthquake Safety Bond proceeds for various capital improvement projects. Of the \$18,927,166, \$4,955,717, earmarked for the Fine Arts Museums for architectural, engineering, design work and construction work, was placed on reserve pending the selection of contractors, cost details, and MBE/WBE status of the contractors. Of the \$4,955,717 placed on reserve, \$2,760,856 has previously been released leaving a balance of \$2,194,861 still on reserve.

The Fine Arts Museums issued an Invitation for Bids for the provision of asbestos abatement services for the Fine Arts Museums/Palace of Legion of Honor Project. In response to its Invitation for Bids, the Fine Arts Museums received five bids. Of the five bids received by the Fine Arts Museums, LVI Environmental Services Inc. submitted the lowest most responsible bid of \$854,862. LVI Environmental Services is neither an MBE or WBE firm. However, the Human Rights Commission (HRC) reports that the contract includes \$24,750 or approximately 2.9 percent in minority participation for site security (\$13,680) and materials and supplies (\$11,070).

The Fine Arts Museums requests the release of \$940,340 for asbestos abatement services, as follows:

Contract Services	\$854,862
Contingency (10 percent)	<u>85,478</u>
Total	\$940,340

Recommendation: Approve the proposed release of reserved funds in the amount of \$940,340.

Item 2 - File 101-90-84.5

Department: Fire Department
Department of Public Works, Bureau of Engineering

Item: Release of reserved funds for the construction of new cisterns in the Richmond/Sunset/Marina Districts.

Amount : \$1,929,129

Source of Funds: 1986 Fire Protection System Improvement Bonds

Description: In November of 1986, San Francisco voters approved the issuance of \$46.2 million in Fire Protection System Improvement Bonds (Proposition A) to finance improvements to the City's Auxiliary Water Supply System (AWSS). The AWSS is a system of reservoirs and cisterns, pipelines, and pump stations which will provide a source of water for fire protection in the event that the main water supply system fails, as it did following the 1906 earthquake.

The City sold \$31 million of these bonds in 1987 and the \$15.2 million balance (\$46.2 less \$31 million) of the bonds in 1991. In April 1991, the Board of supervisors appropriated the \$15.2 million proceeds from the second sale of bonds in 1991, but reserved \$13,506,943 that was budgeted for a variety of construction projects, pending specific information concerning the amount of the construction contracts, selection of the contractors and the MBE/WBE status of the contractors. The \$13,506,943 reserved included \$5,170,000 for the construction of cisterns and a total of \$3,240,871 has been previously released by the Board of Supervisors leaving a balance of \$1,929,129 still on reserve.

As a part of the AWSS, eight new cisterns are to be constructed in the Richmond, Sunset and Marina Districts. The eight new cisterns will be constructed at the following locations:

North Point Street, near Scott Street
Funston Avenue and California Street
30th Street and Geary Boulevard
34th and Balboa Streets
38th Street and Geary Boulevard
41st and Balboa Streets
45th and Vicente Streets
46th Street and Geary Boulevard

Memo to Budget Committee
March 10, 1993

The DPW received six bids on February 3, 1993, four of which were from MBE/WBE firms. The DPW selected the lowest bid of \$1,992,405 from the joint venture of Stacy & Witbeck and John Jenkins Construction, an MBE firm. The DPW requests release of \$1,929,129 for construction of the eight new cisterns as follows:

Construction Contract	\$1,992,405
Construction Management	309,800
Archaeological Monitoring	62,853
Contingency (10 % of Construction Contract)	<u>199,240</u>
Total	\$2,564,298
Less:	
Supplemental Funding	
Previously Approved	
(see Comment, below)	435,169
Savings From Other Cistern Projects	<u>200,000</u>
Requested Release of Reserve	\$1,929,129

Comment: The Board of Supervisors recently approved a supplemental appropriation ordinance (File 101-92-33) which included \$435,169 for the construction of eight new cisterns. The \$435,169 is required to fund the difference between the estimated \$2,564,298 cost of this project less the \$1,929,129 balance remaining on reserve and \$200,000 in savings from other cistern projects.

Recommendation: Release reserved funds in the amount of \$1,929,129, as requested.

BOARD OF SUPERVISORS
BUDGET ANALYST

Item 3 - File 101-91-74.2

Department: Department of Public Works (DPW)

Item: Release of funds reserved for seismic upgrade and earthquake repairs for the Spreckles Temple of Music in Golden Gate Park.

Amount: \$2,053,951

Source of Funds: 1990 Earthquake Safety Bonds

Description: In June, 1990, the San Francisco electorate approved a bond issue for the purpose of repairing earthquake damage and seismically upgrading various City facilities which are often visited by members of the public including City-owned buildings in the Civic Center such as City Hall, Public Health buildings, and the Performing Arts Center.

In June, 1992, the Board of Supervisors appropriated \$58,860,000 of Phase II 1990 Earthquake Safety Bond funds (File 101-91-74). Of the \$58,860,000 appropriated, a total of \$45,078,418 was placed on reserve for various repair projects pending selection of contractors and determination of the MBE/WBE status of the contractors. The reserved funds include \$5,792,000 for repair of the music concourse in Golden Gate Park, including the Spreckles Temple of Music.

The DPW received four bids for the repair of the Spreckles Temple of Music on January 6, 1993. The DPW selected Nibbi-Lowe Construction, a Joint Venture, as the lowest bidder at \$1,867,951. Lowe and Sons Construction is an MBE firm. The DPW requests the release of \$2,053,951 from the Earthquake Safety Bond funds reserved for seismic upgrade and earthquake repairs to the Spreckles Temple of Music in Golden Gate Park, as follows:

Construction Contract	\$1,867,951
Construction Contingency (10 %)	<u>186,000</u>
Total	\$2,053,951

Comment: Mr. Jorge Alfaro of DPW reports that although the initial estimate of costs for earthquake repairs to the music concourse in Golden Gate Park was \$5,792,000, the scope of repairs has been reduced resulting in a revised estimated cost of \$2,053,951. Mr. Alfaro states that the net estimated savings of \$3,738,049 (\$5,792,000 initial estimate less

BOARD OF SUPERVISORS
BUDGET ANALYST

Memo to Budget Committee
March 10, 1993

\$2,053,951 revised estimate) should continue to be reserved for use on other earthquake repair projects.

Recommendation: Release reserved funds in the amount of \$2,053,951 as requested and continue to reserve \$3,738,049 of the funding for earthquake repairs to the music concourse in Golden Gate Park.

Items 4 and 5 - Files 101-92-42 and 101-92-43

Department: Public Utilities Commission (PUC)
Water Department

Item: Item 4 - Supplemental Appropriation Ordinance to provide funds for the San Andreas Treatment Plant and Santa Clara Valley Water District Intertie (File 101-92-42).

Item 5 - Supplemental Appropriation Ordinance to provide funds for the Calaveras Pipeline Reconstruction, Sunol Valley Water Treatment Plant, Oyster Point Interchange Reconstruction, Main Replacements and Service Renewals (File 101-92-43).

Amounts: \$3,100,000 (File 101-92-42)
\$19,576,000 (File 101-92-43)

Sources of Funds:	1985 Water Revenue Bond Fund Earned Interest	<u>\$3,100,000</u>
	1991 Water Revenue Bond Fund Bond Proceeds	\$14,700,000
	1991 Water Revenue Bond Fund Earned Interest	<u>4,876,000</u>
	Total	<u>\$19,576,000</u>

Description: The proposed supplemental appropriation ordinance (File 101-92-42) would fund two Water Department capital improvement projects as follows:

San Andreas Treatment Plant Expansion #2 **\$800,000**

These funds will assist in the completion of this project's second phase construction work started in March of 1991 and currently substantially completed. Work under this second phase costing \$34 million included plant capacity expansion from 120 to 180 million gallons per day (MGD) via additional pumps, pipelines, filters and miscellaneous site work, and the construction of an eight million gallon circular, prestressed treated-water storage tank and a complete ozone-generating treatment system.

The proposed \$800,000 will be divided between \$650,000 to retard the erosion of the hillside between residential properties and the underground treated water reservoir, part of the environmental mitigation agreement with Millbrae residents, and \$150,000 to complete the close-out of the total \$34 million construction contract.

BOARD OF SUPERVISORS
BUDGET ANALYST

Santa Clara Valley Water District Intertie **\$2,300,000**

This project will provide facilities for an intertie (a pipe joint encased in a concrete vault) to provide 40 million gallons per day in either direction between the Santa Clara Valley Water District (SCVWD) water supply system and the San Francisco Water Department supply system. This project would provide at least minimal supplies of water in the event of major facility failures due to earthquakes or other disasters.

Project costs totaling \$19.6 million will be shared equally between San Francisco and Santa Clara Counties. The proposed \$2.3 million is a portion of San Francisco's 50 percent share total of \$9.8 million. The \$7.5 million balance would come from remaining funds of \$300,000 from a 1972 General Obligation bond fund and \$7.2 million from capital improvement program allocations in the Water Department's budgets for Fiscal Years 1993-94 through 1996-97, subject to approval of the Board of Supervisors

Total (File 101-92-42) **\$3,100,000**

The proposed supplemental appropriation ordinance (File 101-92-43) would fund five Water Department projects as follows:

Calaveras Pipeline Reconstruction **\$2,360,000**

This \$17.7 million construction contract consists of the replacement of the 44 inch pipeline from Calaveras dam to the Sunol Valley water treatment plant, construction of a new 66 inch pipeline from the San Antonio Pump Station to the Sunol Valley water treatment plant, and the modification of the Calaveras Outlet tower facilities. Construction work began in June, 1991 and was substantially completed by June, 1992.

The proposed \$2,360,000 is divided into three components. The first component includes \$1,065,000 in costs divided between (1) \$765,000 which is required to satisfy compliance orders entered into with the Alameda District Attorney's Office for regulatory violations associated with the Calaveras pipeline construction and (2) \$300,000 which is needed to close-out the construction contract. The \$765,000 includes \$500,000 to provide and install the mitigation and revegetation measures required at the construction site along Calaveras and Alameda Creeks and offsite at Maguire Springs, \$100,000

BOARD OF SUPERVISORS
BUDGET ANALYST

for construction inspection and contract administration of this work, \$40,000 to pay for the development and execution of environmental training for Water Department staff, and \$125,000 for maintenance and monitoring of the new landscaping around the pipeline construction site.

The second component totaling \$1,284,390 has been transferred to the San Andreas Treatment Plant Expansion #2 Project as follows: (1) \$500,000 for final contract close-out; \$236,836 for prior and current year bond administration costs and (3) \$547,554 to supplement the construction of a Pacific Gas and Electric Company sub-station to generate ozone gas for water purification. According to Mr. Jeff Pera of PUC Finance Bureau, the PUC had previously approved the transfer of \$1,284,390 of appropriated funds from the 1985 Water Revenue Bond Proceeds from the San Andreas Treatment Plant Expansion #2 Project to the Calaveras Pipeline Reconstruction Project. That \$1,284,390 paid for (1) field design changes to pipe connections and fixed cone valve footings (\$600,000) in order to increase the capacity of the San Antonio pump station, and (2) bid item adjustments (\$684,390) involving specially fitted steel pipe connections.

The third component of \$10,610 has not been identified as a specific project cost.

Sunol Valley Treatment Plant **\$550,000**

Work began on this \$4.6 million construction contract in March 1992 and is expected to be completed in April of 1993. This project includes: (1) installation of a new, automatic chemical feed system that will replace gaseous chlorine; (2) replacement of the filter piping and control systems; (3) installation of a new stand-by power system; and (4) overall structural modification and reconstruction of the tank farms and plant foundations.

The proposed \$550,000 requested will be required to divert existing drain pipes from Alameda Creek into a separate disposal pond and to address contingency items and contract close-outs.

Oyster Point Interchange Reconstruction **\$1,900,000**

The City of South San Francisco is reconstructing the intersection of Oyster Point Boulevard and Airport Boulevard, adjacent to U. S. Highway 101. Crystal Springs Pipelines Nos. 1, 2 and 3 are all affected by this project, mostly in public rights-of-way. Subject to review and approval by the Water

BOARD OF SUPERVISORS
BUDGET ANALYST

Department, South San Francisco has agreed to perform all of the design and construction work related to the portion of these pipelines in the public rights-of-way. The Water Department will be responsible for the cost of the proposed reconstruction work, which is estimated to be \$1.9 million.

Water Main Replacement Program **\$11,766,000**

The water main replacement program is a long term continuing program to replace the old cast iron water mains in San Francisco, many of which were installed over 100 years ago. At the time of the 1991 water revenue bond issue, the Water Department planned to fund this program at a rate of \$8.9 million per year over a three year period. Also included in this request is \$2.5 million to reimburse the main replacement program for funds previously transferred to the service renewal program and \$366,000 for design and construction management costs.

Service Renewal Program **\$3,000,000**

The service renewal program provides for the replacement of old, obsolete and inadequate water services. A service is the small diameter pipe that runs from the distribution main to the meter located near the customer's property line. The Water Department is concentrating on replacing galvanized services subject to corrosion and old 3/4 inch plastic services. The Water Department will also renew services based upon the frequency of repairs and upon consumer complaints of inadequate water supply in order to maintain water quality standards and minimize customer inconvenience. The cost of an individual service renewal varies based on the size and location. The proposed \$3,000,000 would fund from 1700 to 1800 renewals during fiscal year 1993-94 at an average cost from \$1,667 to \$1,765.

Total (File 101-92-43) **\$19,576,000**

Project Budgets:

<u>Description</u>	<u>Amount</u>
--------------------	---------------

File 101-92-42

San Andreas Treatment Plant Expansion #2

Utility Engineering Bureau	
Project Management	\$ 2,000
Engineering	6,000
Resident Engineering and Inspection	<u>92,000</u>
Subtotal	\$100,000

BOARD OF SUPERVISORS
BUDGET ANALYST

Memo to Budget Committee
March 10, 1993

<u>Description</u>	<u>Amount</u>
Consultant Contract Modification Stacy Witbeck (Prime Contractor)	550,000
Construction Contract Modification Weir Wall Replacement	<u>150,000</u>
Total	<u>\$800,000</u>
Santa Clara Valley Water District Intertie	
Contribution to Santa Clara Valley Water District (SCVWD) for preliminary studies and right-of-way acquisition.	
Total	<u>\$2,300,000</u>
Total (File 101-92-42)	<u><u>\$3,100,000</u></u>

File 101-92-43

Calaveras Pipeline Reconstruction

Utility Engineering Bureau	
Project Management	\$10,000
Engineering	15,000
Resident Engineering and Inspection	<u>50,000</u>
Subtotal	\$75,000
Water Department	
Watershed management maintenance and monitoring of the new landscaping around the pipeline construction site	125,000
Consultants	
Environmental work to review revegetation by contractor as required by the U.S. Army Corps of Engineers	25,000
Water Department Environmental Training (court mandated work)	40,000
Mitigation and Revegetation Contract Modification - Stacy Witbeck	<u>500,000</u>
Subtotal	565,000
Construction Contract Close-out Changes	
Stacy Witbeck (Prime Contractor)	300,000
Transferred Costs to San Andreas Treatment Plant Expansion #2	
Administrative costs	
Funding for prior and current year bond administrative costs including trustee and attorney fees	236,836
P.G.&E. service costs	<u>547,554</u>
	784,390

BOARD OF SUPERVISORS
BUDGET ANALYST

Memo to Budget Committee
March 10, 1993

<u>Description</u>	<u>Amount</u>
Construction Contract Close-out Changes S. J. Amorosa (Prime Contractor)	500,000
Project Funds Not Yet Identified	<u>10,610</u>
Total	\$2,360,000
Sunol Valley Water Treatment Plant	
Utilities Engineering Bureau Resident Engineering and Inspection	\$65,000
Construction Contract Close-out Changes Pipeline Diversion Contract Work Nibbi-Lowe Construction	<u>485,000</u>
Total	\$550,000
Oyster Point Interchange Reconstruction	
Contribution to City of South San Francisco for all design and construction Design cost	\$ 150,000
Construction cost	<u>1,750,000</u>
Total	\$1,900,000
Water Main Replacement Program	
Utilities Engineering Bureau Construction Management	\$826,000
Water Department Design	\$1,400,000
Field Services and Materials	<u>1,800,000</u>
Subtotal	3,200,000
Construction Contracts Contractors to be determined	<u>7,740,000</u>
Total	\$11,766,000
Service Renewal Program	
Water Department Field Services and Materials	<u>\$3,000,000</u>
Total (File 101-92-43)	<u>\$19,576,000</u>

BOARD OF SUPERVISORS
BUDGET ANALYST

Comments:

1. Of the total \$550,000 identified for consultant services for the San Andreas Treatment Plant Expansion #2 Project (File 101-92-42), the Water Department is still compiling information on the cost distribution between the prime contractor, Stacy Witbeck, and the various sub-contractors, including MBE/WBE participation. Until that information is provided, the \$550,000 to modify the consultant contract should be reserved.

2. The Santa Clara Valley Water District Intertie is scheduled to be implemented by the Santa Clara Valley Water District (SCVWD). The San Francisco Water Department has agreed to share the total cost as the project will benefit both jurisdictions in the event of major facility failures. The subject \$2.3 million will be used for preliminary studies and right-of-way acquisition for the current year.

3. The specific costs identified for the Calaveras Pipeline Reconstruction Project total \$2,349,390 which is \$10,610 less the total amount of \$2,360,000 identified in the proposed supplemental appropriation. Under these circumstances the proposed supplemental appropriation should be reduced by \$10,610 (File 101-92-43).

4. Of the total \$500,000 mitigation and revegetation contractual services for the Calaveras Pipeline Reconstruction Project (File 101-92-43), the Water Department is still compiling information on the cost distribution between the prime and subcontractors including MBE/WBE participation. Until that information is provided, the \$500,000 to modify the existing contractual services should be reserved.

5. The total \$1.9 million for the Oyster Point Interchange Reconstruction Project will be contributed to the City of South San Francisco for all design and construction activities as the work is in a South San Francisco public right-of-way. Water Department's Crystal Springs Pipelines Nos. 1, 2, and 3 will benefit from this reconstruction.

6. Mr. Pera of PUC Finance reports that \$900,000 is currently on reserve from previously appropriated funds for construction contracts related to the Water Main Replacement Program. The proposed supplemental appropriation (File 101-92-43) identifies an additional \$7,740,000 for additional construction contracts which should be added to this reserve until the Department provides more

BOARD OF SUPERVISORS
BUDGET ANALYST

detailed cost information on the contractors including MBE/WBE participation.

7. The Water Department reports the following information on the current status of MBE/WBE participation for contracts related to the work in the proposed supplemental appropriations. The amounts herewith reflect total dollar amounts from the initiation of the project:

<u>Contractual Services</u>	<u>Amount</u>	<u>Percent</u>
San Andreas Water Treatment Plant Expansion #2		
Total Contract Amount	\$28,626,244	
MBE Participation	3,687,058	13
WBE Participation	880,607	3
Calaveras Pipeline Reconstruction		
Total Construction Contract Amount	\$17,687,198	
MBE Participation	1,016,550	6
WBE Participation	285,300	2
Total Environmental Consultant Amount	\$350,396	
MBE Participation	34,721	10
WBE Participation	23,072	7
Sunol Valley Water Treatment Plant		
Total Contract Amount	\$4,569,960	
MBE Participation	2,956,178	65
WBE Participation	230,000	5

Recommendations: 1. Amend the proposed supplemental appropriations (Files 101-92-42 and 101-92-43) as follows:

File 101-92-43

Reduce the request by \$10,610 (see Comment No. 3 above) under Line 10, reducing the Debit by \$10,610 from \$4,876,000 to \$4,865,390;

Line 13, Reduce Credit \$10,610 from \$2,360,000 to \$2,349,390;

Line 24, Reduce Debit and Credit Totals \$10,610 from \$19,576,000 to \$19,565,390.

2. Reserve project funds pending submission of additional cost details and the MBE/WBE status of the contractors as follows:

San Andreas Treatment Plant Expansion #2 - \$550,000 for consultant services (File 101-92-42, see Comment No. 1 above);

BOARD OF SUPERVISORS
BUDGET ANALYST

Calaveras Pipeline Reconstruction Project - \$500,000 for consultant services related to mitigation and revegetation work (File 101-92-43, see Comment No. 4 above);

Water Main Replacement Program - \$7,740,000 for construction contracts (File 101-92-43, see Comment No. 6 above).

3. Approve the proposed supplemental appropriation ordinances (Files 101-92-42 and 101-92-43) as amended.

Item 6 - File 27-93-2

- Department:** San Francisco International Airport (SFIA)
- Item:** Resolution approving a declaration of emergency - emergency cable replacement, cable 12BPBG-2 - San Francisco International Airport.
- Amount:** \$45,000
- Source of Funds:** Airport Utilities Maintenance Fund
- Description:** On January 18, 1993, the Airport experienced a power outage that affected the Airport Maintenance Building, which is occupied by Airport personnel and by DHL Worldwide Express, an air freight company. Airport maintenance personnel determined that a faulty electrical cable would have to be replaced to correct the power failure, and that such maintenance work was beyond the capabilities on the Airport's electrical maintenance staff. On January 19, 1993, the Airports Commission declared an emergency concerning the power outage in the Airport Maintenance Building.
- In accordance with Section 6.30 of the Administrative Code, the Airport initiated an expedited contracting procedure to replace the electrical cable. The Airport selected the firm of Cresci Electric, a WBE firm certified by the Human Rights Commission, to replace the electrical cable.
- The proposed resolution would approve the Airport's declaration of an emergency and the emergency replacement of the electrical cable, at an estimated cost of \$45,000.
- Comments:**
1. Ms. Angela Gittens of the Airport reports that power was rerouted to maintain service to the Aircraft Maintenance Building during the cable replacement period.
 2. On January 19, 1993, the Airport estimated that the cost of replacing the electrical cable would be \$45,000. The repairs were completed on February 14, 1993. Ms. Gittens reports that the actual cost of the completed electrical cable replacement was \$29,696. Therefore, the proposed resolution should be amended to reflect that the actual cost of cable replacement was \$29,696, rather than the estimated \$45,000.
- Recommendations:**
1. Amend the proposed resolution at line 14 by substituting "\$29,696" for "\$45,000."
 2. Approve the proposed resolution, as amended.

BOARD OF SUPERVISORS
BUDGET ANALYST

Item 7 - File 27-93-3

Department: San Francisco International Airport (SFIA)

Item: Resolution approving a declaration of emergency, emergency transformer repair, LC-T84, Boarding Area "F" Hub, San Francisco International Airport.

Amount: \$110,000

Source of Funds: Airport Utilities Maintenance Fund

Description: On January 24, 1993, the Airport experienced an electrical fire in the main electrical room of Boarding Area "F" Hub. One of two electrical transformers in the electrical room was severely damaged. On February 16, 1993, the Airports Commission declared an emergency concerning the electrical fire and damaged electrical transformer.

In accordance with Section 6.30 of the Administrative Code, the Airport initiated an expedited contracting procedure to replace the electrical transformer. The Airport selected the firm of Westinghouse Electric Corporation, the manufacturer of the transformer, to repair the damaged electrical transformer. Westinghouse Electric Corporation is neither an MBE or a WBE firm. According to Ms. Angela Gittens of the Airport, Westinghouse Electric Corporation was selected because of that firm's technical knowledge and expertise in repairing the transformer that the Corporation had manufactured.

The proposed resolution would approve the Airport's declaration of emergency and the emergency repairs for the damaged electrical transformer, at an estimated cost of \$110,000.

Comments:

1. Ms. Gittens reports that power was supplied to the Boarding Area "F" Hub on a reduced basis by the one remaining generator, which was in operation during the maintenance repair period.
2. The Airport's original estimated cost for repairing the electrical transformer was \$110,000. The repairs were completed on February 25, 1993. Ms. Gittens reports that although a final cost has not yet been approved, that cost will not exceed \$60,000. Therefore, the proposed resolution should be amended to reflect that the actual cost of repairs was \$60,000, rather than the estimated \$110,000.

BOARD OF SUPERVISORS
BUDGET ANALYST

Memo to Budget Committee
March 10, 1993

- Recommendations:** 1. Amend the proposed resolution, at line 4 and line 18, by substituting "\$60,000" for "\$110,000."
2. Approve the proposed resolution, as amended.

BOARD OF SUPERVISORS
BUDGET ANALYST

Item 8 - File 207-93-7

Note: This item was continued at the March 3, 1993, 1993 Budget Committee meeting.

1. This item is a hearing to consider alleged abuse of the San Francisco Police Department's Contingent Fund.

2. Section 3.539 of the San Francisco Charter provides that the Board of Supervisors may appropriate an amount not to exceed \$50,000 in any one fiscal year to be known as the Contingent Fund of the Chief of Police. The Chief of Police may make disbursements from the Contingent Fund that in the Chief's judgment, shall be for the best interests of the City and County of San Francisco in the investigation and detection of crime. According to the Charter, such disbursements must be approved by the Police Commission. Once the \$50,000 has been appropriated by the Board of Supervisors, the individual expenditures are only approved by the Police Commission and not by the Board of Supervisors.

3. The City Controller requested his Audits Division to conduct a review of the recent department head departures at the San Francisco Police Department on March 31, 1992 and on May 14, 1992. The purpose of such a review is to ascertain that the Police Department took proper and adequate actions to safeguard the assets to which the department head had access. On October 27, 1992, the Audits Division released their report regarding the departures of the two former Chiefs of Police.

4. The Audits Division report included the following finding:

The Department does not always use the Contingent Fund consistent with the Charter's intent. Specifically, the Department has often used the Contingent Fund to pay for routine operational expenditures such as membership dues and office supplies, as well as for major purchases such as a fax machine and an automobile, each costing over \$7,000. Finally, the Department uses the Contingent Fund as a clearing account to pass through over \$1 million a year in expenses that were eventually refunded or paid by other agencies.

5. The Audits Division made a number of recommendations on the use of the Contingent Fund. The Audits Division recommended that the Police Department cease using the fund for routine operational expenditures, and pay only for emergency operational expenses. The Audits Division also recommended that the Police Department obtain clarification from the Board of Supervisors on how the Contingent Fund should be used, including guidance on expenditure priorities and limitations on the amount and type of expenditures allowable. The complete list of the Controller's Audits Division recommendations regarding the Contingent Fund, as they appear in the Audits Division report, is shown in the attachment.

6. Lieutenant Larry Ryan of the Police Department Fiscal Division indicates that numerous changes in policy and procedures regarding the Contingent Fund have been implemented since the Controller's Audits Division review was completed including the following:

- Funding for memberships in organizations has been requested in the Police Department's regular, annual budget for 1993-94 and appropriate legislation will be submitted to amend the San Francisco Administrative Code to include new organizations. Contingent Fund monies will no longer be used for memberships.
- A separate revolving fund is being requested to make advances for travel regarding out-of-state extraditions. The initial funding for such a revolving fund is included in the 1993-94 budget.
- The Contingent Fund will no longer be used as a clearing account.
- All costs of office materials and supplies are to be included in the department's regular, annual budget.
- The Contingent Fund will not be used for the purchase of vehicles. However, monies from the Contingent Fund will be used to rent vehicles that are to be used in undercover investigations when one of the department's regular cars might be too easily identified.
- The above changes in policy and procedures have been communicated to department staff through formal written memorandums. The Department intends to compile these changes in a written policy and procedures manual.

Comment

The Budget Committee may wish to consider adopting legislation to require that specific expenditures exceeding a certain dollar level should be subject to review and appropriation by the Board of Supervisors.

*Report by the Controller's Audits Division
San Francisco Police Department
October 27, 1992*

Recommendations

To ensure that the Department uses the Contingent Fund consistent with the Charter's intent, the Department should take the following actions:

- Cease using the Contingent Fund for routine operational expenditures. It should instead use established budget accounts or establish specific budget accounts for those expenditures which are currently not budgeted, and account for them on an annual basis.
- Obtain clarification from the Board of Supervisors on how the Contingent Fund should be used, requesting guidance on expenditure priorities and limitations on the amount and type of expenditures allowable.
- Adhere to Administrative Code requirements and list memberships in the Administrative Code and budget for them annually.
- Restrict using the Contingent Fund to pay advances for only emergency operational expenses. The Department should provide adequate documentation to substantiate the use of the Contingent Fund, and properly record the expenditures in the Controller's FAMIS. This would help ensure that the Department's expenditures are not understated in the City's accounting system.
- Establish procedures for making major purchases to ensure proper compliance with Purchaser requirements.
- Develop written guidelines for depositing and recording receivables, advance payments, and reimbursements. The Department should also establish procedures to deposit revenues directly to the City Treasurer's Office, including narcotic forfeiture funds and advance payments.
- Request the Board of Supervisors to approve establishing a separate fund exclusively for out-of-state extradition costs. An authorized amount of \$35,000 should be sufficient to cover these expenses.
- Request the Board of Supervisors for a policy to address the unused balances in the Contingent Fund. The Board's policy will determine whether the Department should close unused balances to the General Fund at fiscal year end or to carry forward those amounts to the next fiscal year.

Item 9 - File 100-93-2

Note: This item was continued at the March 3, 1993 Budget Committee meeting.

1. This item is a hearing is to consider the Controller's report of February 4, 1993 pertaining to the projected financial condition of the City and County which shows a projected deficit of \$5.5 million for Fiscal Year 1992-93 if no action is taken to correct the situation.

2. Ms. Teresa Serata of the Mayor's Office submitted Attachment 1 to the Committee containing the Mayor's proposed plan to eliminate the remaining estimated shortfall of \$5.5 million for Fiscal Year 1992-93. The Committee requested that Ms. Serata provide additional details pertaining to the proposed use of \$700,000 from the Narcotics Forfeiture Fund, and also to provide further details regarding the projected \$2 million shortfall of the Municipal Railway, including work furloughs, overtime, layoffs and Municipal Railway fares. The Committee also requested that Ms. Serata provide any new information on the status of the \$1.9 million of reserves previously established by the Board of Supervisors in the 1992-93 budget. Ms. Serata reports that only \$250,000 will be taken from the Narcotics Forfeiture Fund and the City will not receive notification from the State until March 9, 1993 regarding the SB 1255 allocation. Attachment 2 is the PUC staff recommendations to the PUC for Muni actions to alleviate the projected shortfall. These recommendations are subject to approval by the PUC on March 9, 1993.

3. The Committee also requested that Ms. Serata provide, to the extent possible, any policy decisions which are being utilized in formulating the Mayor's recommended Fiscal Year 1993-94 budget. Ms. Serata states that the Mayor's Office will be considering program efficiencies and consolidations, position and service reductions, new revenues from recent capital improvements to the hospitals, labor issues and possibly new taxes.

4. Further, the Committee has asked Ms. Serata to provide any background data and details concerning information relating to the reopening of any MOUs. Ms. Serata reports that Meet and Confer sessions have not been scheduled yet.

PROPOSED 1992-93 BUDGET REVISIONS

Available funds	(In Thousands)
Beginning General Fund reserve	8,800
Less:Port transfer	(1,000)
Savings from Dept underspending	12,900
Retirement rate change 1/30/93	10,000
Less:Revenue shortfall	(18,700)
Subtotal available	12,000
Projected Overspending	(17,500)
Departments overspending budget	
Remaining shortfall	(5,500)
Additional Expenditure Needs	
Sheriff-Overtime, M&S	(828)
Police "911"	(255)
Police-Clerks	(34)
JuvCourt-RealEstate	(10)
Parking & Traffic-Retrofit	(373)
Rec & Park-Candlestick	(400)
Subtotal Additional Needs	(1,900)
Projected Expenditure Need	(7,400)
Revenue Increase/Expenditure Reduction Proposals	
Public Health-2 day Furlough	1,800
Public Health-SalSavs/SB1255	1,000
Muni-Furloughs/OT/Layoffs/ Fares/City Atty	2,000
Board Reserve	1,900
Narcotics Forfeiture Fund	700
Total Proposed Rev Inc/Exp Dec	7,400
Estimated Shortfall	0

2/24/93

SAN FRANCISCO PUBLIC UTILITIES COMMISSION
MUNICIPAL RAILWAY

Attachment 2

DEFICIT REDUCTION MEASURES
for 1992-93

<u>Item</u>	<u>Amount (\$million)</u>	<u>Comment</u>
Defer JPB Payment ¹	\$ 0.550	Must negotiate w/ JPB & SamTrans
Added Sal Svngs - Misc	0.300	Jan. svngs & \$75k from Cln, On-Time
Added Platform Svngs	0.200	Reduce trng., 0 new oprtrs, GSU svngs ²
Non-Salary Savings (*)	0.697	See list below
Burs Furloughs & Non Sal ³	0.070	3 dys for eligible emps + prof svcs
Mandatory Furloughs	<u>.600</u>	3 dys elgbl empls.
Subtotal	\$ 2.417	

Deficit	\$ 2.500 million
Measures subtotal	<u>(2.417) million</u>

BALANCE NEEDED \$ 0.083 million

Measures to Achieve Balance: To be determined

(*) NON-SALARY SAVINGS

<u>Object</u>	<u>Title</u>	<u>Division</u>	<u>Amount (\$000)</u>	<u>Comments</u>
105	Data Processing	Maint	\$ 72	
113	Training	Maint/Admn	60	Maint(45), Admn(15)
130	Matrls & Supplies	Trnsf	225	Fuel svngs, cut uniforms
140	Fxd Chrgs Haz Mat	Admn	90	Verified surplus
410	City Attorney	PUC	<u>250</u>	Ask CA to control
SubTotal			<u>\$697</u>	

¹A Joint Powers Board (JPB) operates CalTrains.

²Savings from reduction in General Sign Ups (GSU) whereby drivers require training when switching modes, such as from driving a bus to driving an LRV.

³Savings in PUC Bureaus that are passed through to MUNI.

Item 10 - File 211-93-1

1. This item is a hearing to consider creation of a special benefit assessment district to fund fire suppression services.

2. A number of publicly provided services, such as fire suppression services, increase the value of property which is privately owned. The City is authorized (in accordance with its powers under the State Constitution) to establish a special benefit assessment district in order to recover from property owners all or part of the financial benefits ("windfalls") which accrue to the owners of private property as the result of publicly-provided services.

3. Mr. Buck Delventhal of the City Attorney's Office states that a special benefit assessment is a charge against the property itself, and is not a tax. Because it is not a tax, it is not subject to State laws which limit the taxation of private property by local governments.

However, imposition of a special benefit assessment for services which are now funded by the General Fund would require the City to reduce its Gann expenditure limit (see Comment 8).

4. In order to impose a special benefit assessment for fire suppression services, the City is required, among other things, to document the relationship between publicly provided fire suppression services and the increase in property values which can be attributed to these services. Mr. Delventhal states that this economic analysis provides the "evidentiary basis" for a special benefit assessment, and he advises that such analysis should be performed by professional consultants with expertise in economic analysis.

It would also be necessary for the Board of Supervisors to enact enabling legislation authorizing the creation of a special benefit assessment district, and to adopt a Resolution of Intention which, 1) finds that fire suppression services enhance the value of property, 2) states the intention of the Board of Supervisors to create a special benefit assessment district for fire suppression services, 3) defines the boundaries of the district, and 4) provides for public notice and a public hearing concerning the proposed special benefit assessment district.

5. Based on the economic analysis demonstrating the relationship between property values and publicly provided fire suppression services, the City must develop a formula

BOARD OF SUPERVISORS
BUDGET ANALYST

which allocates the City's cost of providing fire suppression services according to the level of fire suppression benefits which different properties enjoy. The allocation formula could include a large number of different variables, such as the size of a building, the type of materials used in its construction, the building's height, whether or not sprinkler systems are present, etc. Mr. Delventhal states that, as long as the allocation formula adopted by the Board of Supervisors has a reasonable basis, it would, in his opinion, be upheld by California courts.

6. The special benefit assessment could only be used to finance fire suppression services, in contrast to other Fire Department services such as emergency medical services or activities which are mandated by Federal consent decrees. If the special benefit assessment were imposed, then General Fund monies in an equivalent amount, which would otherwise be budgeted for fire suppression activities of the Fire Department, could be used for other purposes.

In 1992-93, the Board of Supervisors approved \$139,686,381 in General Fund monies for operations of the San Francisco Fire Department (SFFD). However, the amount of the SFFD budget which is used for fire suppression services was not identified separately in the 1992-93 budget. Mr. Steve Nelson and Mr. Neal Taniguchi, representing the Chief Administrative Officer, are coordinating efforts to accumulate the necessary information for purposes of establishing a special benefit assessment district, should the Board of Supervisors choose to do so, and are currently reviewing the SFFD budget to determine the total cost of fire suppression services which could be recovered through a special benefit assessment district.

7. Mr. Nelson reports that the Mayor's Office has proposed that, if a special benefit assessment district is established, the City should attempt to raise one-half of the SFFD General Fund budget of \$139,686,381, or approximately \$70 million, through a special benefit assessment for fire suppression services. The Assessor's Office has reported that there are approximately 167,000 parcels of property in the City, so that a special benefit assessment generating \$70 million would entail an average cost of \$419 per parcel. However, the amount of the assessment on any specific property would vary according to the attributes of the property which affect fire suppression efforts, and therefore the amount to be assessed could vary considerably between, for instance, high-rise office buildings and small residential units.

8. By eliminating the need to fund current fire suppression activities from the General Fund, the City would be able to appropriate General Fund revenues for other purposes, subject to the City's Gann Limit. The Gann Limit, imposed under Article 13 of the State Constitution, limits the growth in the City's expenditures from the proceeds of taxes.

Mr. Delventhal reports that, under the State Constitution, the City would be required to reduce its Gann Limit if it creates an alternative revenue source for services which are currently funded from the proceeds of taxes. Specifically, if \$70 million in fire suppression costs were transferred from the General Fund to special benefit assessment revenues, the Gann Limit would have to be reduced by \$70 million.

However, a change in the funding source for fire suppression activities would also result in a \$70 million reduction in General Fund expenditures which are subject to the Gann Limit, since fire suppression services would no longer be included among the tax-supported expenditures which are limited by the State. Thus, the Constitutional requirement to reduce the Gann Limit would have no net effect restricting the City's ability to undertake additional expenditures from the proceeds of taxes.

9. Mr. Delventhal states that, in order to impose a special benefit assessment for fire suppression services, the City would first need to retain a consultant to establish the economic relationship between publicly provided fire suppression services and property values. Ms. Mary Jane Sylvia of the City Attorney's Office states that three teams of consultants are currently being solicited, as follows: 1) legal consultants to provide independent review of the work of the City Attorney's Office; 2) fire engineering consultants to develop a formula to allocate fire suppression costs across the City's properties, based on physical attributes of the property; and 3) economic consultants to provide expert opinion concerning the relationship between publicly provided fire suppression services and property values.

Ms. Sylvia reports that the City Attorney's Office and the CAO's Office are in the process of interviewing prospective consultants, but that the consultants to perform the services have not yet been selected. Ms. Sylvia also reports that the Civil Service Commission is scheduled to consider approval of personal services contracts for these services at its meeting of March 15, 1993.

10. Mr. Nelson reports that the development of an appropriate allocation formula for the cost of fire suppression services will depend on the quality of data maintained by the Assessor's Office concerning the square footage, type of construction, and type of use for each of approximately 167,000 parcels of property in the City. The Assessor's Office reports that data are incomplete for approximately 10 percent of these parcels, and Mr. Nelson states that the missing data must be obtained before an allocation formula can be developed. The CAO's Office has already begun to review the Assessor's data, but it will require 30 to 60 days to update the Assessor's data, according to Mr. Nelson.

11. Mr. Delventhal states that, after an allocation formula is developed, the City must notify property owners of the estimated amount of the assessment which will apply to their property, and provide a 45 day period in which protests can be filed, before action can be taken by the Board of Supervisors.

12. A special benefit assessment district is not subject to a vote of the electorate. Mr. Delventhal states that a simple majority vote of the Board of Supervisors would be needed to establish a special benefit assessment district for fire suppression services, unless certain provisions of the State Constitution governing "majority protests" by citizens are found to apply. If more than 50 percent of citizens protest the proposal, then the proposal may require approval by a "super majority" (eight-tenths) of the Board of Supervisors, consisting of at least nine Supervisors. The City Attorney's Office is continuing its research into this issue.

13. Mr. Nelson states that, in order to begin the necessary work to establish a special benefit assessment district, a supplemental appropriation will be needed to fund the following new costs:

Estimated cost of consultants services	\$101,500
Additional services in Assessor's Office	238,458
Mailing costs for notice to property owners	100,000
Contingency	<u>60,042</u>
Total	\$500,000

However, Mr. Nelson reports that he has been informed by the Controller's Office that the Controller will not certify the availability of funds for any supplemental appropriation requests as of the writing of this report until an estimated \$5.5 million shortfall in the City's current 1992-93 budget is resolved.

BOARD OF SUPERVISORS
BUDGET ANALYST

14. If funds were available for creation of a special benefit assessment district, the following table shows the estimated schedule of required activities, as reported by the CAO's Office and the City Attorney's Office:

<u>Timeline</u>	<u>Activities</u>
<u>Period One</u>	Enabling legislation for creation of a special benefit assessment district by the Board of Supervisors.
30 to 60 days	Fire Engineering consultants to develop allocation formula.
	Allocation formula to be reviewed by legal consultants with expertise in special benefit assessment districts.
	Update of Assessor's data.
<u>Period Two</u>	Board of Supervisors Resolution of Intention.
	Application of allocation formula to properties.
	Public notice to property owners of estimated assessment amounts and hearing process, and inception of 45 day protest period.
<u>Period Three</u>	
45 days	45-day protest period as required by law.
<u>Period Four</u>	Public hearings, including expert testimony concerning the relationship of fire suppression services to property values, and enactment of legislation by the Board of Supervisors establishing the special benefit assessment district.

Mr. Taniguchi reports that, optimistically, the procedures outlined above could be completed within 90 to 120 days if funds which are needed to establish the district become available in the immediate future.

15. Mr. Nelson states that the most efficient means to collect a special assessment for fire suppression services would be to include a bill for the assessment in property tax bills which are mailed in October. This would require that the assessments to be charged to property owners be submitted to the Tax Collector's office by approximately September 1, 1993.

BOARD OF SUPERVISORS
BUDGET ANALYST

Mr. Nelson has been advised by the Tax Collector's Office that, in order to generate separate bills at a later date, the City would incur additional costs estimated to be at least \$2 million.

16. Mr. Nelson and Mr. Taniguchi report that, in order for the Controller to certify special benefit assessment revenues in the Mayor's recommended budget for 1993-94, the procedures establishing the assessment district (as outlined at Comment 14 above) would have to be completed by May 15, 1993, but that this is not a realistic expectation. There are 65 days between March 10, 1993 and May 14, 1993.

Mr. Nelson states that, in order for the Controller to certify special benefit assessment revenues in the City's final fiscal year 1993-94 budget (scheduled to be approved by the Board of Supervisors and the Mayor in July, 1993), the district would have to be established no later than June 15, 1993. There are 97 days between March 10, 1993 and June 15, 1993.

17. Mr. Nelson and Mr. Taniguchi report that, even if the proposed assessment were imposed only during the second six months of 1993-94 (beginning January 1, 1994), certification by the Controller would still be required in June, 1993 in order for the revenues to be included in the City's approved 1993-94 budget.

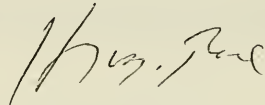
18. Mr. Nelson and Mr. Taniguchi report that, even if logistical obstacles to establishing the district are overcome, certification of special benefit assessment revenues by the Controller will also depend on whether or not a legal challenge to the special benefit assessment is filed by property owners.

Mr. Delventhal states that, if required procedures to establish a special benefit assessment district were carefully followed, then he believes that the chances are good that the City would prevail in any litigation which challenged the legality of the assessment. Mr. Delventhal notes that the California Supreme Court has recently upheld a special benefit assessment which was imposed for publicly provided parks.

19. Because of the logistical and legal obstacles which the City could encounter in establishing a special benefit assessment district and including assessment revenues in the City's 1993-94 budget, Mr. Nelson and Mr. Taniguchi have suggested that the Board of Supervisors may instead wish to consider a parcel tax. They note that the legality of a

parcel tax, if approved by a 2/3 majority of the electorate, is not likely to be successfully challenged.

However, Mr. Nelson and Mr. Taniguchi note that the City would have to conduct a special election in June, 1993 in order for the City to include parcel tax revenues in the 1993-94 budget, and the revenues would be available only if such a parcel tax were approved by a 2/3 majority vote of the electorate. Mr. Nelson reports that the cost of a June, 1993 special election is estimated to be at least \$650,000 (depending on the number of ballot measures which are included), and the costs of the special election, like the special benefit assessment district, would require a supplemental appropriation during the 1992-93 fiscal year.



Harvey M. Rose

cc: Supervisor Migden
Supervisor Hsieh
Supervisor Shelley
President Alioto
Supervisor Achtenberg
Supervisor Bierman
Supervisor Conroy
Supervisor Hallinan
Supervisor Kaufman
Supervisor Kennedy
Supervisor Maher
Clerk of the Board
Chief Administrative Officer
Controller
Teresa Serata
Barbara Kolesar
Ted Lakey

590.07

#2

3/17/93

CALENDAR

Action
Taken

DOCUMENTS DEPT.

AUG 27 1996

SAN FRANCISCO
PUBLIC LIBRARY

**MEETING OF
BUDGET COMMITTEE
BOARD OF SUPERVISORS
CITY AND COUNTY OF SAN FRANCISCO**

WEDNESDAY, MARCH 17, 1993 - 2:00 P.M.

ROOM 228, CITY HALL

PRESENT: SUPERVISORS MIGDEN, HSIEH, ALIOTO

CLERK: KAY GULBENGAY

NOTE: Copies of the Budget Analyst's Report will be available for review on the counter in the Office of the Clerk of the Board, Room 235, City Hall, 10:00 a.m., the date of the meeting.

1. File 101-90-124.3. [Release of Funds] Requesting release of reserved funds, Recreation and Park Department, in the amount of \$1,478,000, for Portsmouth Square Phase II Improvements. Recreation & Park Department)

ACTION: Hearing held. Release of \$1,473,000 recommended. Filed.

2. File 100-91-1.31. [Release of Funds] Requesting release of reserved funds, Recreation & Park Department, in the amount of \$50,000, for incurred expenses for two playoff games in January 1993. Recreation & Park Department)

ACTION: Continued to March 31, 1993 meeting.

3. File 28-93-2. [Emergency Repair] Resolution approving emergency expenditure for repair to the sewer piping system at the City's Hetch Hetchy, Moccasin Facility. (Public Utilities Commission)

ACTION: Hearing held. Recommended.

4. File 170-93-2. [General Obligation Bonds] Resolution authorizing and directing the sale of City and County of San Francisco \$15,500,000 principal amount of General Obligation Bonds (Public Safety Improvement Projects, 1989), Series 1993A; \$65,000,000 principal amount of General Obligation Bonds, (Public Safety Improvement Project, 1990), Series 1993B; \$8,360,000 principal amount of General Obligation Bonds (Golden Gate Park Improvements, 1992), Series 1993C and \$16,600,000 principal amount of General Obligation Bonds (Fire Department Facilities Project, 1992), Series 1993D; prescribing the terms and form of said bonds; approving forms of official notice of sale of bonds and notice of intention to sell bonds; directing the publication of notice of sale and notice of intention to sell bonds; approving official statement relating thereto; consenting to submission of bids by co-financial advisors; and authorizing execution of necessary documents. (Chief Administrative Officer)

ACTION: Hearing held. Amendment of whole (presented in committee) adopted.
New Title: "Authorizing and directing the sale of City and County of San Francisco \$15,500,000 principal amount of General Obligation Bonds (Public Safety Improvement Projects, 1989), Series 1993A; \$65,000,000 principal amount of General Obligation Bonds, (Public Safety Improvement Project, 1990), Series 1993B; \$8,135,000 principal amount of General Obligation Bonds (Golden Gate Park Improvements, 1992), Series 1993C and \$16,410,000 principal amount of General Obligation Bonds (Fire Department Facilities Project, 1992), Series 1993D; prescribing the terms and form of said bonds; approving forms of official notice of sale of bonds and notice of intention to sell bonds; directing the publication of notice of sale and notice of intention to sell bonds; approving official statement relating thereto; consenting to submission of bids by co-financial advisors; and authorizing execution of necessary documents."
Recommended as amended.

5. File 170-93-3. [Bond Sale] Resolution providing for the issuance of \$76,300,000 aggregate principal amount of City and County of San Francisco General Obligation Bonds (Golden Gate Park Improvement, 1992), including the issuance of an initial series thereof in the aggregate principal amount of \$8,360,000 and designated as the City and County of San Francisco General Obligation Bonds (Golden Gate Park Improvements, 1992), Series 1993C; authorizing the execution, authentication and registration of said bonds; providing for the levy of a tax to pay the principal and interest thereof; providing for the appointment of depositories and agents for said bonds; and providing for the establishment of funds related thereto. (Chief Administrative Officer)

ACTION: Hearing held. Amendment of whole adopted.
New Title: "Providing for the issuance of \$76,300,000 aggregate principal amount of City and County of San Francisco General Obligation Bonds (Golden Gate Park Improvement, 1992), including the issuance of an initial series thereof in the aggregate principal amount of \$8,135,000 and designated as the City and County of San Francisco General Obligation Bonds (Golden Gate Park Improvements, 1992), Series 1993C; authorizing the execution, authentication and registration of said bonds; providing for the levy of a tax to pay the principal and interest thereof; providing for the appointment of depositories and agents for said bonds; and providing for the establishment of funds related thereto."
Recommended as amended.

6. File 170-93-4. [Bond Sale] Resolution providing for the issuance of \$40,800,000 aggregate principal amount of City and County of San Francisco General Obligation Bonds (Fire Department Facilities Improvement, 1992), including the issuance of an initial series thereof in the aggregate principal amount of \$16,600,000 and designated as the City and County of San Francisco General Obligation Bonds (Fire Department Facilities Improvements, 1992), Series 1993D; authorizing the execution, authentication and registration of said bonds; providing for the levy of a tax to pay the principal and interest thereof; providing for the appointment of depositories and agents for said bonds; and providing for the establishment of funds related thereto. (Chief Administrative Officer)

ACTION: Hearing held. Amendment of whole adopted.

New Title: "Providing for the issuance of \$40,800,000 aggregate principal amount of City and County of San Francisco General Obligation Bonds (Fire Department Facilities Improvement, 1992), including the issuance of an initial series thereof in the aggregate principal amount of \$16,410,000 and designated as the City and County of San Francisco General Obligation Bonds (Fire Department Facilities Improvements, 1992), Series 1993D; authorizing the execution, authentication and registration of said bonds; providing for the levy of a tax to pay the principal and interest thereof; providing for the appointment of depositories and agents for said bonds; and providing for the establishment of funds related thereto."

Recommended as amended.

7. File 65-92-15. [Approving Giants Candlestick Park Lease Amendment] Ordinance approving a lease amendment entered into by the Recreation and Park Commission and the San Francisco Giants, which reduces the City's revenue from the agreement by approximately \$925,000 per year (amount will vary with attendance) through the year 1997, and assigns the right to further revenues in the amount of approximately \$440,000 per year from the agreement to furnish scoreboard to the Giants during the term of the lease. The City further assumes the obligations for utilities and maintenance of the playing field at a cost of approximately \$250,000 per season; and adding provision requiring the San Francisco Giants to provide complimentary tickets and specifying effective date. (Supervisor Alioto)

ACTION: Hearing held. Tabled.

8. File 65-92-15.1. [Repeal - Giants Candlestick Lease Amendment Ordinance] Ordinance repealing Ordinance 365-92, the Giants Candlestick Park lease amendment ordinance which approved a lease amendment entered into by the Recreation and Park Commission and the San Francisco Giants, which reduces the City's revenue from the agreement by approximately \$925,000 per year (amount will vary with attendance) through the year 1997, and assigns the right to further revenues in the amount of approximately \$440,000 per year from the agreement to furnish scoreboard to the Giants during the term of the lease, by which ordinance the City further assumed the obligations for utilities and maintenance of the playing field at a cost of approximately \$250,000 per season, added a provision requiring the San Francisco Giants to provide complimentary tickets, and specified the effective date of the ordinance.

ACTION: Hearing held. To Board with recommendation Do Pass.

9. File 60-93-1. [Referendum Submission - Giants Lease Amendments]
Motion ordering submitted Ordinance 365-92, the Giants Candlestick Park Lease Amendment Ordinance, for approval or disapproval at the Municipal Election to be held on November 2, 1993.

ACTION: Hearing held. To Board with Recommendation Do Not Pass.

10. File 127-93-1. [Stadium Operator Admission Tax] Ordinance amending Part III, Municipal Code, by amending Sections 802 and 807 to eliminate the expiration of the exemption from admissions tax for tickets sold at \$12.99 or less, raising the maximum ticket price qualifying for exemption from \$12.99 to \$25.01 and increasing the rate of the stadium admission tax from 50 cents to \$1.50. (Supervisor Alioto)

ACTION: Hearing held. Continued to March 31, 1993 meeting.

11. File 127-92-2.1. [Stadium Operator Admission Tax] Ordinance amending Part III, San Francisco Municipal Code, by amending Section 807 providing an exemption from the payment of the stadium operator admission tax, by extending for one year, through December 31, 1993, the exemption from the payment of admission taxes on tickets sold at \$17.99 or less. (Supervisor Alioto)

ACTION: Hearing held. Amended on page 1 line 4 (in title) by replacing "one year" with "two years"; on lines 6 (in title) and 17 by replacing "\$17.99" with "\$25.01."; on page 2 line 9 by replacing "1993" with "1994".

New Title: "Amending Part III, San Francisco Municipal Code, by amending Section 807 providing an exemption from the payment of the stadium operator admission tax, by extending for two years, through December 31, 1994, the exemption from the payment of admission taxes on tickets sold at \$25.01 or less." "Recommended as amended."

CITY AND COUNTY



OF SAN FRANCISCO

BOARD OF SUPERVISORS

BUDGET ANALYST

1390 MARKET STREET, SUITE 1025

SAN FRANCISCO, CALIFORNIA 94102 • TELEPHONE (415) 554-7642

March 15, 1993

TO: Budget Committee
FROM: Budget Analyst
SUBJECT: March 17, 1993 Budget Committee Meeting

Item 1 - File 101-90-124.3

Department: Recreation and Park Department (Rec/Park)
Item: Release of reserved funds for Portsmouth Square Phase II Improvements.
Amount : \$1,478,000
Source of Funds: Proceeds from the 1987 Park Improvement Bonds.
Description: On June 24, 1991, the Board of Supervisors approved an appropriation of \$7,648,988 for park rehabilitation projects through the 1987 Park Improvement Bond measure (Ordinance #256-91). The Finance Committee placed \$5,248,650 of this appropriation on reserve pending information on the selection of the contractors and the MBE/WBE status of the contractors.

The Recreation and Park Department is now requesting the release of \$1,478,000 to proceed with awarding the contract for the Portsmouth Square Phase II Improvements. The planned Phase II Improvements are as follows:

1. Relocation of the children's play area from the lower plaza to the upper plaza (See the Attachment);

2. Construction of a new spatial configuration of the upper plaza;
3. New paved surfaces throughout the upper plaza;
4. New drainage throughout the upper plaza;
5. New landscaping;
6. Refurbishing all monuments within Portsmouth Square.

The contract for the prescribed work has been designated a "set-aside" contract. Bidding on the contract is limited to local, economically disadvantaged, minority- and women-owned businesses (MBEs and WBEs) or joint ventures in which MBE/WBE firms constitute at least 35 percent of the joint venture. All qualified bidders must be certified as an MBE or a WBE firm at or prior to the time of bid.

Bids were received from the following firms:

<u>Name of Firm</u>	<u>Bid Amount</u>	<u>MBE/WBE/LBE</u>
AV&C Construction	\$1,158,800	None
Intercoastal J.V.	\$1,338,000	MBE/LBE

Although Intercoastal's bid was \$179,200 or over 15 percent more than AV&C's bid, according to Ms. Deborah Learner of Rec/Park, Intercoastal J.V. was selected because AV&C Construction was not an MBE/WBE firm.

Comments:

1. The amount of Intercoastal's winning bid is \$1,338,000. Based on the \$1,338,000 bid for the construction contract, the Department has allocated a total of \$1,478,000 for the proposed project which includes \$140,000 for contingencies (\$1,338,000 plus \$140,000 equals \$1,478,000). However, Ms. Learner reports that a reserve of \$135,000 would be adequate. Therefore, \$5,000 can be returned to the 1987 Park Improvement Bond Proceeds Fund.

2. Ms. Learner reports that the proposed Phase II improvements to Portsmouth Square would commence when the contract is certified by the Controller's Office. According to Ms. Learner, Phase II is expected to be in progress for approximately eight months from issuance of the Notice To Proceed.

BOARD OF SUPERVISORS
BUDGET ANALYST

3. Ms. Learner reports that the proposed Phase II work would completely refurbish the upper level to make it suitable for civic gatherings and would establish a new children's play area in a sunlit area that would serve younger children and children of school age.

4. Ms. Learner further reports that Phase 1, which cost \$1.9 million and consisted of constructing new restrooms and elevators, was completed in January of 1992.

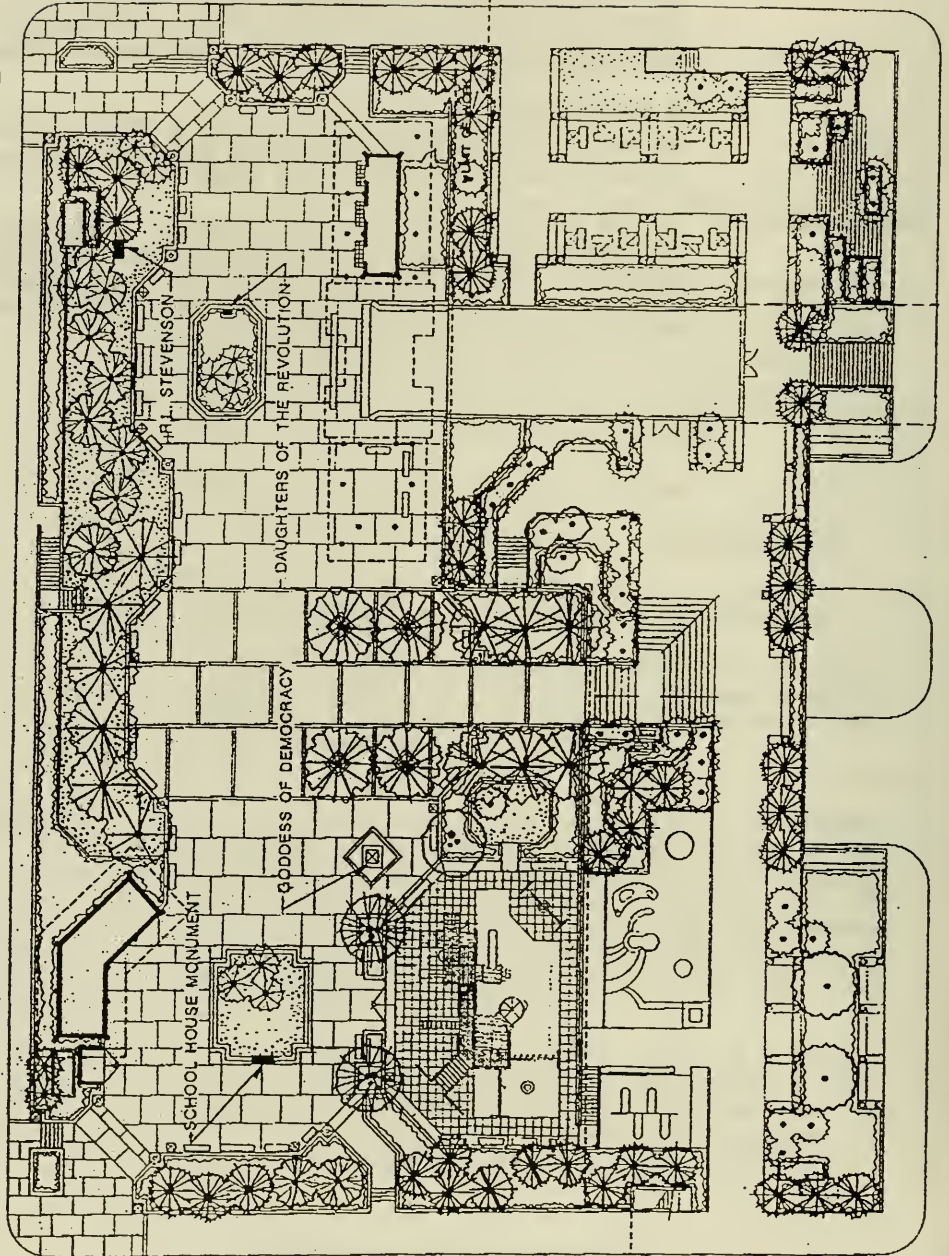
Recommendation: Release funds in the amount of \$1,473,000 for the \$1,338,000 construction contract plus the revised contingency of \$135,000 to fund the Portsmouth Square Phase II Improvements. Continue to reserve the \$5,000 savings from reducing the required contingency from \$140,000 to \$135,000.



WALTER U. LUM PLACE

WASHINGTON STREET

PHASE 2
PHASE 3



CLAY STREET

PHASE 2
PHASE 3

KEARNY STREET

Item 2 - File 100-91-1.31

Department: Recreation and Park Department (Rec/Park)

Item: Requesting release of reserved funds

Amount: \$50,000

Source of Funds: Candlestick Park Fund

Description: During the FY 1991-92 budget deliberations, the Finance Committee placed six items on reserve in the Recreation and Park Department's budget. Included in those six reserved items is a programmatic project in the sum of \$50,000 to fund potential playoff games or other special events.

At this time, the Recreation and Park Department is requesting the release of \$50,000 to fund expenses resulting from work performed on the Candlestick Park Stadium playing field in preparation for the final two games of the regular National Football League (NFL) season in December of 1992 and the ensuing playoff games, which were held in the Stadium during January of 1993.

Comments:

1. Mr. Jim Delfino of Rec/Park reports that, as a result of heavy rainfall in November and early December of 1992, Rec/Park undertook the task of resodding the playing field at Candlestick Park Stadium. The work commenced on December 7, 1992, following the football game with the Miami Dolphins and was completed prior to the December 19 contest with the Tampa Bay Buccaneers.
2. As of the writing of this report, the Department had not made available to the Budget Analyst the expenditure details supporting this request for release of reserved funds. The Department requests that this item be continued for one week, to the Budget Committee meeting of March 24, 1993.
3. Mr. Delfino further reports that as a result of subsequent heavy rainfall in December of 1992 and January of 1993, NFL officials requested in early January of 1993 that the Candlestick Stadium playing field be resodded in preparation for the January 17 football game with the Dallas Cowboys. That resodding work commenced on January 11, 1993, and was completed in time for the January 17 game. According to Mr. Delfino, all costs totalling approximately \$73,000 for this second field resodding are being paid for by the NFL.

BOARD OF SUPERVISORS
BUDGET ANALYST

Memo to Budget Committee
March 17, 1993

Recommendation: Continue this requested release of reserved funds to the March 24, 1993, meeting of the Budget Committee at the request of the Department.

Item 3 - File 28-93-2

Department: Public Utilities Commission (PUC) – Hetch Hetchy Project

Item: Resolution approving emergency expenditure for repair to the sewer piping system at the City's Hetch Hetchy Moccasin facility.

Amount: \$287,125

Source of Funds: Hetch Hetchy Capital Projects Project No. 78501

Description: On January 14, 1993, due to heavy rainfall, Hetch Hetchy's Moccasin Facility experienced an intrusion of rainwater into the sewage piping system, which threatened to flood the sewage treatment plant and result in a discharge of raw sewage and waste water into Moccasin Creek. State law and the Moccasin Facility sewage discharge permit issued by the Regional Water Quality Control Board to the City prohibit the discharge of untreated sewage or waste water into Moccasin Creek. On January 19, 1993, the PUC declared an emergency concerning the potential flooding of the sewage treatment system and Moccasin Creek.

In accordance with Section 6.30 of the Administrative Code, the PUC initiated an expedited contracting procedure to repair the sewer piping system. The PUC selected the firm of Gelco Services, Inc., to repair the sewer piping system (see Comment No. 2 below).

The proposed resolution would approve the PUC's expenditure of funds for emergency repairs to the sewer piping system.

Comments: 1. Mr. Carlos Jacobo of the PUC reports that Hetch Hetchy was in the process of contracting for repairs to the damaged sewer piping system before the rainwater intrusion occurred. The heavy rainfall in January served to accelerate that process. The PUC had previously issued an Invitation for Bids to perform the repair work on September 8, 1992, and had received a single bid for the work from Gelco Services, Inc., of Sacramento, California, on October 13, 1992. Gelco Services, Inc., is not an MBE/WBE firm. According to Mr. Jacobo, the PUC intended to reissue an Invitation for Bids for the project, but the potential flooding condition precluded that action.

BOARD OF SUPERVISORS
BUDGET ANALYST

2. Mr. Fred Howell of the PUC reports that the probable reasons for the PUC receiving only one bid in response to its Invitation for Bids are the remote location of the Moccasin facility and the specialized nature of the sewer piping system repair work.

3. Mr. Jacobo further reports that Gelco Services' bid in the amount of \$287,125, which was \$23,475 less than Hetch Hetchy's engineers estimate of \$310,600 for performing the work, was accepted and Gelco Services commenced work immediately following the declaration of an emergency by the PUC. According to Mr. Larry James of Hetch Hetchy, the repair work prevented contaminated water from flooding into Moccasin Creek.

4. Mr. James states that the repair work on the damaged pipes is continuing, and that the work should be completed in approximately two weeks.

Recommendations: Approve the proposed resolution.

Items 4, 5, and 6 - Files 170-93-2, 170-93-3, and 170-93-4

Department: Chief Administrative Officer

Item: Resolution authorizing and directing the sale of City and County of San Francisco \$15,500,000 principal amount of General Obligation Bonds (Public Safety Improvement Projects, 1989), Series 1993A; \$65,000,000 principal amount of General Obligation Bonds (Public Safety Improvement Project, 1990), Series 1993B; \$8,360,000 principal amount of General Obligation Bonds (Golden Gate Park Improvements, 1992), Series 1993C; and \$16,600,000 principal amount of General Obligation Bonds (Fire Department Facilities Project, 1992), Series 1993D; prescribing the terms and form of said bonds; approving forms of official notice of sale of bonds and notice of intention to sell bonds; directing the publication of notice of sale and notice of intention to sell bonds; approving official statement relating thereto; consenting to submission of bids by co-financial advisors; and authorizing execution of necessary documents (File 170-93-2).

Resolution providing for the issuance of \$76,300,000 aggregate principal amount of City and County of San Francisco General Obligation Bonds (Golden Gate Park Improvements, 1992), including the issuance of an initial series thereof in the aggregate principal amount of \$8,360,000 and designated as the City and County of San Francisco General Obligation Bonds (Golden Gate Park Improvements, 1992), Series 1993C; authorizing the execution, authentication and registration of said bonds; providing for the levy of a tax to pay the principal and interest thereof; providing for the appointment of depositories and agents for said bonds; and providing for the establishment of funds related thereto (File 170-93-3).

Resolution providing for the issuance of \$40,800,000 aggregate principal amount of City and County of San Francisco General Obligation Bonds (Fire Department Facilities Improvements, 1992), including the issuance of an initial series thereof in the aggregate principal amount of \$16,600,000 and designated as the City and County of San Francisco General Obligation Bonds (Fire Department Facilities Improvements, 1992), Series 1993D; authorizing the execution, authentication and registration of said bonds; providing for the levy of a tax to pay the principal and interest thereof; providing for the appointment of depositories and agents for said bonds; and providing for the establishment of funds related thereto (File 170-93-4).

Description:

The proposed resolutions pertain to the issuance of General Obligation Bonds which have been previously approved by San Francisco voters. The proposed resolution (File 170-93-2) would authorize and direct the sale of four series of General Obligation Bonds (collectively known as the "Series 1993 Bonds"), in the principal amounts shown below:

<u>Series</u>	<u>Description</u>	<u>Amount</u>
1993A	Public Safety Improvement Projects, 1989	\$15,500,000
1993B	Public Safety Improvement Projects, 1990	65,000,000
1993C	Golden Gate Park Improvement, 1992	8,360,000
1993D	Fire Department Facilities Improvement, 1992	<u>16,600,000</u>
	Total	\$105,460,000

The proposed resolution authorizing the bond sale (File 170-93-2) would also prescribe the terms and form of these bonds; approve the form and direct the publication of required notices; approve the City's official statement relating to the sale of the bonds; consent to the submission of bids by the co-financial advisors; and authorize the execution of necessary documents to effect the sale of the bonds.

However, the issuance of any General Obligation Bonds must be specifically authorized by the Board of Supervisors following approval of a bond measure by the electorate, including providing for a tax levy to repay the bonds, before a bond sale can proceed. The issuance of two of the bond series shown above (Public Safety Improvement Projects, 1989 and Public Safety Improvement Projects, 1990), including authorization for a tax levy to repay these bonds, has been previously authorized by the Board of Supervisors (Resolution 223-90 and Resolution 1017-90, respectively). However, the issuance of bonds which were approved in 1992 (Golden Gate Park Improvement Bonds, 1992, and Fire Department Facilities Improvement Bonds, 1992), including authorization for a tax levy to repay these bonds, must be authorized by the Board of Supervisors (Files 170-93-3 and 170-93-4) concurrently with the resolution authorizing the bond sale (File 170-93-2) before the bond sale can proceed.

The proposed resolution (File 170-93-3) would authorize the issuance of an aggregate amount of \$76,300,000 in General Obligation Bonds (Golden Gate Park Improvement Bonds, 1992), including an initial series of \$8,360,000.

The proposed resolution (File 170-93-4) would authorize the issuance of an aggregate amount of \$40,800,000 in General Obligation Bonds (Fire Department Facilities Improvement Bonds, 1992), including an initial series of \$16,600,000.

Each of the proposed authorizing resolutions for the bonds which were approved in 1992 (Files 170-93-3 and 170-93-4) would also authorize the execution, authentication, and registration of the bonds, provide for a tax levy to repay the bonds, provide for the appointment of depositories and agents for these bonds, and provide for the establishment of funds related to the bonds.

Series 1993A: Public Safety Improvement Bonds of 1989

In November, 1989, the electorate approved the issuance of \$59.7 million in General Obligation bonds to make seismic safety improvements to various City-owned buildings. Of the total \$59.7 million authorized, the City has previously issued \$33.1 million in these General Obligation bonds. Under the proposed resolution (File 170-93-2), an additional \$15,500,000 would be sold, for a total of bonds issued after the sale of \$48.6 million.

The proceeds from the sale of the proposed Series 1993A Bonds would be used for program and preliminary design work for seismic safety improvements at seven fire stations, and construction funds for improvements to the Palace of the Legion of Honor, the Fire Department Headquarters building, and six fire stations.

Attachment I summarizes the specific details of the proposed expenditures for this bond issue.

Series 1993B: Public Safety Improvement Projects 1990

In June, 1990, a total of \$332.4 million in Public Safety Improvement Bonds was approved by the voters. Of the \$332.4 million authorized, the City has previously issued \$108.4 million in three bond series. The proposed resolution (File 170-93-2) would authorize the sale of a fourth series in the amount of \$65 million, for an aggregate total of bonds issued of \$173.4 million. These bonds are for seismic safety, asbestos abatement, and disability access improvements to various City-owned buildings.

The proceeds from the sale of the Series 1993B bonds would be used for program and preliminary design work for seismic safety and asbestos abatement projects including the Department of Public Health administration building, the Opera House, the War Memorial, the Excelsior Library, and subsurface infrastructure at the Zoo. The proceeds would also be used for construction which is planned for City Hall, the Bill Graham Civic Auditorium, and the Department of

BOARD OF SUPERVISORS
BUDGET ANALYST

Public Health administration building, including the relocation of DPH staff.

Attachment II summarizes the specific details of the proposed expenditures for this Bond issue.

Series 1993C: Golden Gate Park Improvement Bonds

In June, 1992, the voters approved a General Obligation bond measure of \$76,300,000 for reforestation and rehabilitation of Golden Gate Park, including water system supply and irrigation, lakes and water courses, utilities, landscaping, and the repair and rehabilitation of park features, including the provision of disabled access at some sites.

The proposed initial bond series of \$8,360,000 in Golden Gate Park Improvement Bonds would be used for renovations for disabled access and improvements to Golden Gate Park's water supply and distribution system, lakes and waterways, utilities, health and safety features, pathways, and park entrances, and to provide erosion control and reforestation.

Attachment III summarizes the proposed expenditures for this bond issue.

Series 1993D: Fire Department Facilities Improvement Bonds

In November, 1992, the voters approved a General Obligation bond measure of \$40,800,000 for the construction and reconstruction of Fire Department facilities, including seismic strengthening, asbestos abatement, disabled access, and separate bathrooms for male and female firefighters.

The proposed initial bond sale in the amount of \$16,600,000 in Fire Department Facilities Improvement Bonds would be used for design and architectural services, engineering services, construction costs, Department of Public Works project management services, and San Francisco Fire Department administration of the bond program.

Attachment IV summarizes the proposed expenditures for this proposed bond issue.

Comments

1. General provisions of the sale of the proposed Series 1993 General Obligation Bonds would be as follows:

- The sale of the bonds would be held on April 21, 1993.
- Under the proposed resolution (File 170-93-2), the bonds would be sold at an interest rate which could not exceed 11 percent per year (see Comment No. 3), and will mature in the year 2013 (a 20 year term). Interest will be paid semiannually beginning on December 15, 1993.
- Property taxes collected to redeem the bonds will be deposited in the special funds which would be created specifically for this purpose.
- An official statement describing the financial condition of the City is incorporated in the proposed resolution (File 170-93-2) for approval by the Board of Supervisors. The official statement would be available to all bidders.
- Bonds will be awarded to the bidder whose bid represents the lowest interest cost to the City.
- The City Treasurer may appoint fiscal agents or financial institutions to distribute bond interest payments.

2. Approval of this resolution would permit the sale of the bonds and create special funds for deposit of the bond proceeds. However, all future expenditure appropriations of the bond proceeds would be subject to separate approval by the Mayor and the Board of Supervisors through supplemental appropriation ordinances.

3. Under the proposed resolution (File 170-93-2), the annual interest rate for the bonds could not exceed 11 percent. However, Ms. Laura Wagner-Lockwood of the CAO's Office reports that if the bonds were sold today, the bonds would probably be sold at an overall interest rate of approximately 5.4 percent. Ms. Wagner-Lockwood notes that interest rates for municipal bonds are currently at their lowest levels since the 1970's.

4. Ms. Wagner-Lockwood estimates that on a 20-year basis, and assuming an interest rate of approximately 5.4 percent, the proposed \$105,460,000 million Series 1993 bond sale would result in a total interest cost for these bonds of approximately \$68.5 million and a total debt service requirement of approximately \$174 million over the life of the bonds. Over the 20-year period, this would result in an average debt

BOARD OF SUPERVISORS
BUDGET ANALYST

service requirements of approximately \$8.7 million per year. According to Ms. Wagner-Lockwood, at the estimated interest rate of 5.4 percent, the City's debt service requirement for these bonds in 1993-94 would be approximately \$9.5 million.

5. Revenues for repayment of the bonds are generated by increases in the property tax. Mr. John Madden of the Controller's Office reports, based on an interest rate of 5.4 percent, the proposed bond issuance in the amount of \$105,460,000 would result in an increase in the property tax rate of approximately \$.0159 per \$100 of assessed value in 1993-94. At that rate, the owner of a house assessed at \$265,000 would pay approximately \$41.02 in additional property taxes in 1993-94 due to this bond issue. The effect of this bond issuance on the property tax rate would gradually decline as the bonds are retired over the 20 year period.

6. Ms. Wagner-Lockwood indicates that the City's General Obligation bonding capacity, which is equal to three percent of the City's total assessed property value, was approximately \$1.6 billion as of January 1, 1993. Ms. Wagner-Lockwood advises that the amount of the City's outstanding General Obligation Bonds at the present time is \$490.6 million. Therefore, the City's current available General Obligation bonding capacity is approximately \$1,109,400,000 (\$1.6 billion bonding capacity less \$490.6 million in outstanding bonds). The proposed sale of \$105,460,000 of Series 1993 General Obligation bonds would reduce the City's bonding capacity from \$1,109,400,000 to approximately \$1,003,940,000.

7. Ms. Wagner-Lockwood states that the cost of issuing the bonds, including fees for private bond counsel and financial advisors and the services of the Chief Administrative Officer and City Attorney, are expected to be approximately \$480,000, and that these costs are currently expected to be allocated approximately as follows:

<u>Series</u>	<u>Description</u>	<u>Estimated Issuance Cost</u>
1993A	Public Safety Improvement Projects, 1989	\$ 70,000
1993B	Public Safety Improvement Projects, 1990	230,000
1993C	Golden Gate Park Improvement, 1992	77,000
1993D	Fire Department Facilities Improvement, 1992	<u>103,000</u>
	Total	\$480,000

Ms. Wagner-Lockwood also indicates that the issuance costs will need to be paid before the anticipated budget or supplemental appropriation requests for specific bond-funded projects are submitted to the Board of Supervisors. She indicates that the CAO's Office will submit a separate supplemental appropriation request in the near future related specifically to the estimated \$480,000 in issuance costs, and that the amount appropriated to the CAO's Office for issuance costs must be deducted from the amount of bond proceeds available in the future for specific bond-funded projects.

8. The Budget Analyst notes that information submitted by the Recreation and Department shows estimated issuance costs for the Golden Gate Park Improvement Bonds at \$300,000, which is \$223,000 more than the \$77,000 estimate provided by Ms. Wagner-Lockwood (see Comment No. 7). Therefore, the amount of Golden Gate Park Improvement Bonds to be issued should be reduced by \$223,000 from \$8,360,000 to \$8,137,000, and the proposed resolution authorizing issuance of the bonds (File 170-93-3) and the proposed ordinance directing the sale of the bonds (File 170-93-2) should be amended accordingly.

9. Assistant Chief James Lynch of the San Francisco Fire Department (SFFD) has advised the Budget Analyst that the SFFD intends to eliminate funding for one position from the proposed budget for the Fire Department Facilities Improvement program to be funded with bond proceeds. The SFFD would eliminate a secretarial position budgeted at \$188,397, including fringe benefits over the three year period of the proposed budget. Therefore, the amount of Fire Department Facilities Improvement Bonds to be issued should be reduced by \$188,397 from \$16,600,000 to \$16,411,603 and the proposed ordinance directing the sale of the bonds (File 170-93-2) should be amended accordingly.

10. The proposed resolution (File 170-93-2) includes blanks where it intends to make reference to Board of Supervisors File Numbers for legislation and exhibits related to the issuance and sale of the proposed Series 1993 General Obligation Bonds. The proposed resolution should therefore be amended to include File Numbers 170-93-3 and 170-93-4 at page 2, line 9 and page 2, line 17, respectively, in order to reference the separate resolutions authorizing the issuance of Golden Gate Park Improvement Bonds and Fire Department Facilities Improvement Bonds which were approved by the electorate in 1992. In addition, the File Number 170-93-2 should be inserted at page 21, line 9, at page

27, line 18, and at page 28, line 25 of the proposed resolution (170-93-2) in order to reference exhibits appearing in File No. 170-93-2 which are related to 1) the form of the bonds and the Treasurer's certificate of registration of the bonds; 2) the form of the proposed Official Notice of Sale inviting bids for the bonds; and 3) the form of the proposed Notice of Intention to Sell Bonds (which must be published).

11. As previously noted, the proposed resolutions do not authorize the expenditure of any bond proceed revenues. The expenditure of bond proceeds must be requested and separately approved by the Board of Supervisors.

Ordinarily, bond proceeds are appropriated through supplemental appropriation ordinances. However, the Recreation and Park Department has indicated that the proceeds of Golden Gate Park Improvement Bonds may be requested in the department's 1993-94 proposed budget, since the Board of Supervisors annual budget review will occur in June, 1993, shortly after the bonds are sold in April, 1993. Ms. Wagner-Lockwood indicates that authorization to expend the proceeds of the three other bond series is expected to be submitted in the form of proposed supplemental appropriation ordinances during 1993-94.

Recommendations 1. Amend the proposed resolution (File 170-93-2) to insert the Board of Supervisors File Number "170-93-3" at page 2, line 9; to insert the File Number "170-93-4" at page 2, line 17; and to insert the File Number "170-93-2" at page 21, line 9, at page 27, line 18, and at page 28, line 25 (see Comment No. 10).

Amend the proposed resolution (File 127-93-2) to reduce the amount of Fire Department Facilities Improvement Bonds authorized to be issued by \$188,397 from \$16,600,000 to \$16,411,603 (see Comment No. 9).

Amend the proposed resolution (File 127-93-2) to reduce the amount of Golden Gate Park Improvement Bonds authorized to be issued by \$223,000 from \$8,360,000 to \$8,137,000 (see Comment No. 8).

2. Approve the proposed resolution (File 170-93-2), as amended, authorizing and directing the sale of \$105,460,000 in Series 1993 General Obligation bonds, as follows:

Memo to Budget Committee
March 17, 1993

<u>Series</u>	<u>Description</u>	<u>Amount</u>
1993A	Public Safety Improvement Projects, 1989	\$15,500,000
1993B	Public Safety Improvement Projects, 1990	65,000,000
1993C	Golden Gate Park Improvement, 1992	8,137,000
1993D	Fire Department Facilities Improvement, 1992	<u>16,411,603</u>
	Total	\$105,048,603

3. Amend the proposed resolution (File 170-93-3) to reduce the amount of the initial series of Golden Gate Park Improvement Bonds authorized to be issued by \$223,000 from \$8,360,000 to \$8,137,000 (see Comment No. 8).

4. Amend the proposed resolution (File 170-93-4) to reduce the amount of the initial series of Fire Department Facilities Improvement Bonds authorized to be issued by \$188,397 from \$16,600,000 to \$16,411,603 (see Comment No. 9).

5. Approve the proposed resolutions (Files 170-93-3 and File 170-93-4), as amended, which authorize the issuance of Golden Gate Park Improvement Bonds (1992) and Fire Department Facilities Improvement Bonds (1992), respectively, previously approved by the electorate in 1992.

BOARD OF SUPERVISORS
BUDGET ANALYST

EARTHQUAKE SAFETY PROGRAM - PHASE 1 NOVEMBER 1989
\$ 59.7 MILLION
BOND SALE SUMMARY
JANUARY 1993

	ORIGINAL BUDGET	PRE-BOND SUPPLEMENTAL GTO. #117	SUPPLEMENTAL REQUEST	SUPPLEMENTAL RESERVE	MAY 1993 FIRST BOND SALE	JUNE 1993 SECOND BOND SALE	MARCH 1993 THIRD BOND SALE	APRIL 1993 FOURTH BOND SALE
1. BONDING								
1. SFFD STATION # 1	3,484,000	540,500	0	0	3,484,000	0	0	3,484,000
2. SFFD STATION # 2	3,487,000	0	3,483,000	0	0	0	0	0
3. SFFD STATION # 7	1,081,000	54,000	1,086,000	0	1,450,000	0	0	378,000
4. SFFD STATION # 8	1,450,000	0	0	0	0	0	0	582,000
5. SFFD STATION # 9	700,000	0	0	0	0	0	0	700,000
6. SFFD STATION # 11	770,000	0	0	0	0	0	0	768,500
7. SFFD STATION # 21	604,000	0	0	0	0	0	0	601,000
8. SFFD STATION # 24	1,000,000	54,000	311,268	0	365,268	1,460,778	0	1,029,425
9. SFFD STATION # 31	2,000,000	0	0	0	0	458,400	0	0
10. SFFD STATION # 32	1,000,000	0	0	0	0	1,228,000	0	0
11. SFFD STATION # 36	800,000	54,000	0	0	682,867	0	0	0
12. SFFD STATION # 40	1,480,000	0	0	0	0	0	1,182,894	0
13. SFFD STATION # 44	1,854,000	54,000	503,875	0	411,875	273,138	0	0
14. SFFD STATION # 45	1,854,000	54,000	503,875	0	411,875	1,458,425	0	0
15. SFFD STATION # 46	254,000	54,000	0	0	543,000	0	0	203,000
16. SFFD STATION # 47	1,091,000	0	0	0	0	0	1,091,000	0
17. SFFD STATION # 21	2,121,000	42,400	0	0	42,400	0	2,080,560	0
18. SFFD STATION # 21	4,819,000	50,960	16,400	0	1,820,360	0	3,062,640	0
19. SFFD STATION # 21	1,889,000	0	1,778,000	0	1,889,000	0	0	0
20. SFFD STATION # 21	1,889,000	412,270	1,464,730	0	1,889,000	0	0	0
21. SFFD STATION # 21	2,001,000	0	1,015,000	0	1,015,000	0	0	0
22. SFFD STATION # 21	11,028,000	20,399	6,072,712	4,093,113	6,000,000	0	0	0
23. SFFD STATION # 21	9,450,000	120,259	1,318,132	1,010,880	1,453,000	0	0	0
24. SFFD STATION # 21	57,672,000	1,071,804	17,062,191	6,872,200	18,877,000	0,893,718	6,543,444	13,450,000
SUBTOTAL								
25. PLANNING AND ASSESSMENT	1,600,000	330,000	1,125,000	0	1,450,000	387,000	0	0
26. PROJECT CONTINGENCY	20,000	0	0	0	0	80,765	0	0
SUBTOTAL	59,700,000	1,412,804	18,877,191	6,872,200	20,345,000	6,908,500	6,909,000	13,450,000
27. CH#4 Administration Charge	0	0	0	0	0	2,000	10,000	20,000
28. City Attorney	0	0	0	0	0	0	45,000	34,000
29. City Auditor	0	0	0	0	0	0	0	0
SUBTOTAL	59,700,000	1,372,804	18,877,191	6,872,200	20,350,000	6,903,000	6,100,000	13,500,000

* BOND COUNSEL AND FINANCIAL ADVISOR WILL BE PAID DIRECTLY OUT OF BOND PROCEEDS - CONTINGUOUS FEES FOR 4th SALE ARE INCLUDED IN CA09 ITEM 27.

JANUARY 25, 1993

BUILDING	FAMS MASTER PROJECT	ORIGINAL BUDGET	TOTAL BOND SALE TO DATE (EST. 2ND & 3RD)	MARCH 1993 4TH BOND SALE OFD #	TOTAL BOND SALE
1 Bernal Heights Library	100	424,100	14,000	0	14,000
2 Candlestick Stadium	100	629,000	0	0	0
3 Cas Complex	100	171,600	0	0	0
4 City Hall	500	126,540,500	46,423,870	29,874,000	76,297,870
5 City Hall Annex	100	136,000	136,000	0	136,000
6 Civic Auditorium	600	27,709,000	14,567,814	12,033,000	26,600,814
7 Davies Hall	600	760,000	550,700	0	550,700
8 De Young Museum Complex	100	368,800	368,800	0	368,800
9 DPH Hq. Bldg.	500	17,735,100	1,670,772	6,283,000	10,033,772
10 DSS Office - 150 Ois St.	100	179,000	179,000	0	179,000
11 DSS Office - 170 Ois St.	100	64,800	64,800	0	64,800
12 EDP Building	100	213,800	213,800	0	213,800
13 Eureka Branch Library	100	517,800	16,000	0	16,000
14 Explorer Library	100	314,200	12,000	290,000	302,000
15 General Hospital Complex	100	3,027,000	3,027,000	0	3,027,000
16 Golden Gate Library	100	674,500	18,000	0	18,000
17 Hall of Justice	100	542,600	542,600	0	542,600
18 Inlandside Police Station	100	1,019,000	1,019,000	0	1,019,000
19 Laquana Honda Hospital	100	436,000	436,000	0	436,000
20 Legion of Honor	100	80,000	80,000	0	80,000
21 Main Library	100	5,280,000	5,280,000	0	5,280,000
22 Marina Branch Library	100	534,800	534,800	0	534,800
23 Marina Green Park	100	2,271,800	2,271,800	0	2,271,800
24 Marina Green - West End Restrm.	100	168,400	168,400	0	168,400
25 Mission Bartlett Parking Garage	100	18,000	18,000	0	18,000
26 Mission Library	100	100,000	100,000	0	100,000
27 Music Concourse	100	7,450,000	7,450,000	0	7,450,000
28 North Beach Library	100	755,800	755,800	0	755,800
29 Opera House	600	42,225,900	1,506,872	5,325,000	6,831,872
30 Ortega Library	100	425,800	14,000	0	14,000
31 Palace of Fine Arts/Explor	100	645,000	645,000	0	645,000
32 Park Police Station	100	1,025,000	123,000	0	123,000
33 Police Academy	100	18,000	18,000	0	18,000
34 Purchaser's Main Shop Building	100	18,000	18,000	0	18,000
35 Purchaser's Office & Sub-shops	100	18,000	18,000	0	18,000
36 San Bruno Men's Jail	100	10,700,000	1,284,000	0	1,284,000
37 San Bruno Women's Jail	100	854,000	854,000	0	854,000
38 South of Market Cultural Center	100	18,000	18,000	0	18,000
39 St. Mary's Garage	100	534,000	534,000	0	534,000
40 Travel Police Station	100	18,000	18,000	0	18,000
41 Turk St. Sub-Station	100	18,000	18,000	0	18,000
42 Veteran's Building	600	40,965,000	1,506,872	2,540,000	4,046,872
43 West Portal Library	100	771,200	771,200	0	771,200
44 Western Addition Library	100	440,200	14,000	0	14,000
45 Youth Guidance Center	100	794,200	794,200	0	794,200
46 S.F. Zoo Subsurface Infrastructure	100	26,000,000	3,780,000	2,450,000	6,230,000
SUBTOTAL		325,640,000	99,883,800	80,885,000	180,768,800
47 Ashes-to-Soil - soils	002	2,830,000	800,000	1,000,000	1,800,000
48 Minor Earthquake Damage	100	1,940,000	1,940,000	0	1,940,000
49 Planning and Assessment	002	1,860,000	1,860,000	0	1,860,000
50 D.P.W. Program Management/Control	002	—	2,948,780	2,875,000	5,823,780
51 PROJECT CONTINGENCY	100	—	368,575	0	368,575
SUBTOTAL		332,400,000	107,811,155	84,770,000	172,881,155
52 Chief Administrative Officer	—	—	116,845	148,370	265,215
53 City Attorney	—	—	260,000	81,630	341,630
54 Controller	—	—	72,000	0	72,000
TOTAL		332,400,000	108,360,000	85,000,000	173,360,000

* - THE EARTHQUAKE REPAIR COMPONENT FOR THESE PROJECTS IS IN
 PRIMARY CONTACTS: MARK A. PRIVEAU, BUREAU OF ARCHITECTURE
 ** - BOND COUNSEL AND FINANCIAL ADVISOR WILL BE PAID DIRECTLY

GOLDEN GATE PARK INFRASTRUCTURE BOND

The 1993-94 appropriation will provide funding for the first phase of planning, engineering assessment, plans and specification, construction, field programs and project services. Future appropriations will shift emphasis to construction activities.

Source: Bond Sale, expected in April, 1993. The spending plan and budget which follows were approved by the Recreation and Park Commission.

Dept/Div/Sec: 42-04-02
Index: TBD
Fund Group/Fund: 05-TBD
Project/Wk: 100-00

Amount: \$8,360,000

Budget:

Planning/Design	\$2,270,000
Field Programs	\$2,660,000
Construction	\$2,720,000
Project Services	\$ 410,000
Issuance Costs	\$ 300,000
Total	\$8,360,000

The bond program is divided into five major segments. The program elements to be funded in the 1993-94 appropriation are briefly described below:

1. Water Supply and Distribution
 - 1.1 Planning: CADD of water supply and distribution system, evaluation of existing mains, wells, reservoirs; develop conceptual plan and performance standards; establish priorities, standards for automatic systems.
 - 1.2 Construction: highest priority automatic systems, install wells, reroof reservoirs.
2. Lakes and Water Courses
 - 2.1 Evaluation, plans and specs: Chain of Lakes, assessment of other lakes and waterfalls, watercourses.
 - 2.2 Construction: Chain of Lakes resealing.
3. Utilities
 - 3.1 Planning: CADD of systems, systems analysis, performance standards for Lighting, Electric service, sewers, drains.
 - 3.2 Construction of high priority health and safety elements.

4. Rehabilitation of Park Features

- 4.1 Planning of pathway repair, park entrances improvements, disabled access to restroom and park feature, erosion control, fencing/ gates retaining walls.
- 4.2 Field programs: reforestation, erosion control - provides for staff, materials and supplies and equipment lease or purchase agreements.
- 4.3 Construction: highest priorities for pathway and curbing improvements, entrance improvements, restroom rehab, disabled access.

5. Miscellaneous Project Services

Provides for two staff positions within the Recreation and Park Department to manage the Bond program: one Planner IV, one secretary. Miscellaneous Project Services also provides funding for the bond issuance fees. These will be determined at the time of the bond sale.

SAN FRANCISCO FIRE DEPARTMENT
\$40.6 Million Improvement Bond Program
BOND SALE SUMMARY

JANUARY 22, 1993 REVISED

FACILITY	Original Budget	Pre Bond Supp. emental Ord. #	1st Sale Supplemental	1st Sale Release	1st Sale Reserve	1st Bond Sale	Total First Bond Sale
----------	-----------------	-------------------------------	-----------------------	------------------	------------------	---------------	-----------------------

Group A

STATION #14	2,415,000	21,300	0			21,300	21,300
STATION #18	3,609,000	27,000	0			27,000	27,000
STATION #19	1,837,000	18,900	0			18,900	18,900
STATION #23	1,528,000	14,400	701,718			716,118	716,118
STATION #25	2,607,000	238,271	2,368,729			2,607,000	2,607,000
STATION #29	1,216,000	13,600	0			13,600	13,600
STATION #34	2,286,000	17,500	0			17,500	17,500
STATION #39	1,707,000	154,544	1,552,406			1,707,000	1,707,000
STATION #41	1,478,000	12,600	0			12,600	12,600
BUREAU OF EQUIP.	3,984,000	46,500	2,890,000			3,036,500	3,036,500
BUREAU OF TRAIN.	1,227,000	6,000	0			6,000	6,000
CEN. FIRE ALARM	2,410,000	37,700	1,462,300			1,500,000	1,500,000
FIRE CHIEF'S QTRS.	1,190,000	10,000	0			10,000	10,000
SUBTOTAL	27,494,000	618,315	9,075,153			9,693,518	9,693,518

GROUP B

STATION #3	361,000	66,550	0			66,550	66,550
STATION #5	549,000	80,250	0			80,250	80,250
STATION #6	724,000	153,250	0			153,250	153,250
STATION #9	655,000	63,552	591,448			655,000	655,000
STATION #10	710,000	67,177	642,823			710,000	710,000
STATION #12	801,000	14,000	0			14,000	14,000
STATION #13	659,000	58,800	0			58,800	58,800
STATION #16	607,000	115,905	491,095			607,000	607,000
STATION #17	700,000	66,186	633,814			700,000	700,000
STATION #20	724,000	8,300	0			8,300	8,300
STATION #21	193,000	5,900	187,100			193,000	193,000
STATION #22	509,000	53,225	0			53,225	53,225
STATION #26	380,000	86,452	293,548			380,000	380,000
STATION #28	469,000	5,700	0			5,700	5,700
STATION #32	424,000	4,500	0			4,500	4,500
STATION #33	401,000	48,279	352,721			401,000	401,000
STATION #42	402,000	5,100	0			5,100	5,100
STATION #43	723,000	69,334	653,666			723,000	723,000
FIRE-BOAT HOOTS.	313,000	5,300	50,000			55,300	55,300
SUBTOTAL	10,304,000	977,760	3,696,215			4,673,925	4,673,925

SFFD Administration	1,000,000	285,947	556,810			844,657	844,657
SFFD Disruption	402,000	0	315,000			315,000	315,000
DPW Mgmt/Contd	800,000	306,527	463,473			770,000	770,000
CAD/City Attorney	800,000	0	103,000			103,000	103,000
TOTAL	40,800,000	2,186,549	14,411,451			16,600,000	16,600,000

Items 7, 8 and 9 - Files 65-92-15, 65-92-15.1 and 60-93-1

Item 7. File 65-92-15 is an ordinance (Ordinance 365-92) previously approved by the Board of Supervisors which amended the Candlestick lease between the Recreation and Park Commission and the San Francisco Giants for purposes of granting to the Giants various Candlestick Park revenue and expenditure concessions pertaining to rent, utilities, maintenance and the scoreboard. A referendum petition was filed and, pursuant to Charter Section 9.108, this ordinance must be reconsidered by the Board of Supervisors and, if not entirely repealed, the Board shall submit the ordinance to the voters.

The Budget Analyst issued a report to the Board of Supervisors on December 7, 1992 on the Candlestick Park lease amendments related to the revenue and expenditure concessions previously granted to the Giants. That report included an analysis of the previously approved amendment to the parking lot agreement between the Recreation and Park Commission and the Giants (File 65-92-19) which designated the Giants as the exclusive operator of the Candlestick Park parking lot. In Fiscal Year 1991-92, the City realized parking revenues of \$1,327,542. Such parking revenues are now realized by the Giants.

Item 8. File 65-92-15.1 would repeal the previously approved ordinance (Ordinance 365-92) which granted the Candlestick Park revenue and expenditures concessions to the Giants.

Item 9. File 60-93-1 would order the previously approved ordinance (Ordinance 365-92) which granted the Candlestick Park revenue and expenditures concessions to the Giants to be decided by the voters at the November 2, 1993 election.

Comments

1. Mr. Jim Lazarus of the Mayor's Office has advised the Budget Analyst that, in light of the referendum petition which has been filed in an effort to repeal Ordinance 365-92 (which amended the City's lease with the Giants to include certain revenue and expenditure concessions granted by the City to the Giants), the Giants will continue to operate under their existing lease with the City, which expires at the end of 1994.

2. In the Budget Analyst's report of December 7, 1992 to the Board of Supervisors, the losses to the City resulting from the lease concessions, consisting of revenue reductions and expenditure changes granted to the Giants under Ordinance 365-92, were estimated at \$3,142,269 based on Fiscal Year 1991-92 data. The total value of the five year concessions was estimated at \$15,711,345.

All of the \$3,142,269 revenue reductions and expenditure changes were authorized by Ordinance 365-92, with the exception of the \$1,327,542 in parking lot revenues. Such revenues were transferred to the Giants pursuant to a separate resolution (File 65-92-18) which was not a subject of the referendum petition. Therefore, the effect on the City, if Ordinance 365-92 were repealed, and if the

existing lease with the Giants were to continue, would be for the City to keep \$1,814,727 of the total concession revenues (\$3,142,269 total concessions less \$1,327,542 in parking concessions) and for the Giants to keep the balance of \$1,327,542 in parking revenues.

3. However, the Budget Analyst notes that, at the time Ordinance 365-92 was being considered by the Board of Supervisors, Mr. Jim Lazarus of the Mayor's Office stated that, although there was no such requirement, the Giants were reimbursing the City for the cost of providing police security inside the stadium, at an estimated cost of \$250,000 annually for an average of 12 police officers, and the Giants were also providing private security services at an estimated cost of approximately \$500,000. Under Ordinance 365-92 as finally amended by the Board of Supervisors, the Giants agreed to continue to reimburse the City \$250,000 annually for the cost of police services provided inside the stadium by the City. However, since this provision for the Giants to reimburse the City for the security costs inside the stadium was not actually included in the proposed lease amendment as had been recommended by the Mayor to the Board of Supervisors, these security costs were included by the Budget Analyst in the estimated \$3.1 million annual loss to the City.

The Budget Analyst also notes that, at the time the lease amendments were being considered by the Board of Supervisors, Mr. Lazarus stated that the City would continue to provide the same number of police officers as it had previously provided (an average of 12 police officers for each baseball game), although the Giants had argued in the past that additional security services should be provided by the City.

At the present time, Mr. Lazarus reports that the City's 1987 lease with the Giants clearly provides that the City must pay the cost of security services inside the stadium. Therefore, if Ordinance 365-92 is repealed, according to Mr. Lazarus, the City and not the Giants will be responsible for these costs, in which case \$250,000 in annual benefits would accrue to the Giants, in addition to the parking revenues of \$1,323,542. However, Mr. Lazarus indicates that the Giants and the Mayor's Office are currently in continuing negotiations concerning the provision of security services inside the stadium.

4. Mr. Lazarus also states that the Mayor's Office and the Giants are also continuing discussions concerning allocation of advertising revenues and operating costs of the Sony Scoreboard at Candlestick Park.

The lease concessions approved by the Board of Supervisors in December of 1992 included several separate provisions related to 1) the operation of the Sony Scoreboard, 2) allocation of advertising revenues from video and commercial advertising on the Sony scoreboard, and 3) allocation of advertising revenues from non-video advertising at other locations at the stadium. These agreements were the subject of several separate resolutions which were approved by the Board of Supervisors. The details of the legislation which approved the scoreboard and advertising agreements are as follows:

File 65-92-15 (Ordinance 365-92, subject of a referendum petition):

Assigned the rights to revenues from the Sony Scoreboard Agreement to the San Francisco Giants, and directed the Sony Corporation to pay the Giants all payments which were due to the City under the agreement. Previously, the City received all payments from Sony under the Scoreboard Agreement, and paid the Giants an annual fee to operate the scoreboard.

The revenues which the City previously received from the Sony Corporation under the Scoreboard Agreement consisted of a base payment of \$222,108 and an additional payment of 65 percent of the average net scoreboard advertising revenues above \$1 million. In 1991-92, the City received \$444,000 from the Sony Corporation in scoreboard revenues. However, the Giants actually operate the scoreboard, and, prior to this ordinance, the City paid the Giants approximately \$280,000 annually to operate the scoreboard. In 1991-92 (prior to this ordinance), the net revenues to the City from the scoreboard operating fee and advertising revenues paid by the Sony Corporation were therefore \$164,000 (\$444,000 received from the Sony Corporation less \$280,000 paid to the Giants).

The ordinance provided that the City would assign Sony's annual scoreboard operating fee and advertising revenues to the Giants. These provisions were also the subject of separate resolution which approved amendments to the Recreation and Park Commission's agreements with the Sony Corporation (File 65-92-17) and the Giants (File 65-92-18) to reflect the provisions of this ordinance.

File 65-92-16 (Resolution)

Approved an agreement between the Recreation and Park Commission and the Giants authorizing the Giants to sell video and commercial advertising on the Sony Scoreboard and granting the Giants all rights to revenues from video and commercial advertising on the Sony Scoreboard. Previously, there was no agreement permitting the Giants to sell such video advertising and therefore neither the City nor the Giants received revenues from the sale of video advertising.

File 65-92-17 (Resolution)

Approved an amendment of the scoreboard agreement between the Recreation and Park Commission and the Sony Corporation to authorize the Sony Corporation to expand its use of non-video advertising at Candlestick Park. Under the original and the amended scoreboard agreement, the Sony Corporation has the exclusive right to advertise at Candlestick Park.

This resolution was made retroactive to March 1, 1991, since the Recreation and Park Commission had authorized such non-video advertising on that date. The effect of the resolution was to approve, retroactive to March 1, 1991, the expanded scoreboard advertising

already being conducted by the Sony Corporation. Under Ordinance 365-92 (see File 65-92-15, above), the revenues from the expanded scoreboard advertising, consisting of 65 percent of all scoreboard advertising revenues in excess of \$1 million, were assigned to the Giants.

File 65-92-18 (Resolution)

Approved an amendment to the Scoreboard Operating Agreement between the Recreation and Park Commission and the Giants to assign to the Giants the City's right to a scoreboard operating fee paid by the Sony Corporation, and to delete the requirement that the City pay the Giants an annual fee of approximately \$280,000 to operate the scoreboard. The amendment was approved in accordance with the provisions of Ordinance 365-92 (see File 65-92-15, above) which assigned to the Giants the scoreboard operating fee which was previously paid by the Sony Corporation to the City.

Recommendations

- 1 Item No. 9, File 60-93-1 should be approved if Item No. 7, File 65-92-15 is approved.
2. If Item No. 7 is not approved and Item No. 8, File 65-92-15.1 is approved, which repeals the previously approved ordinance granting the Candlestick Park revenue and expenditure concessions to the Giants, then Item No. 9 should be tabled.
3. Approval or disapproval of the proposed ordinances is a policy matter for the Board of Supervisors.

Items 10 and 11 - Files 127-93-1 and 127-93-2.1

This legislation consists of two proposed alternative ordinances as follows:

Item: Ordinance (File 127-92-2.1) amending Part III of the San Francisco Municipal Code by amending Section 807 thereof, providing an exemption from the payment of the Stadium Operator Admission Tax, by extending for one year, through December 31, 1993, the exemption from the payment of the Stadium Operator Admission Tax on tickets sold at \$17.99 or less. Whereas the proposed ordinance would place the exemption on tickets priced at \$17.99 or less, the prior exemption was on tickets priced at \$12.99 or less.

Ordinance (File 127-93-1) amending Part III, San Francisco Administrative Code, by amending Sections 802 and 807 thereof, eliminating the expiration (so that in future years, legislation on the continuation of this exemption would not be subject to approval by the Board of Supervisors) of the exemption from the Stadium Operator Admission Tax for tickets sold at \$12.99 or less, raising the maximum ticket price qualifying for the exemption from \$12.99 to \$25.01, and increasing the rate of the Stadium Operator Admission Tax from \$.50 to \$1.50.

Description: The Stadium Operator Admission Tax was established in 1971 to finance the expansion of Candlestick Park to accommodate professional football. To finance the expansion, an Admission tax was enacted for tickets sold for all events at Candlestick Park. Prior to 1977, exemptions from the admission tax were primarily limited to tickets priced at \$2.01 or less. The San Francisco Giants report that, between 1970 and 1979, attendance at Giants baseball games exceeded the stadium's pre-expansion capacity of 42,500 on only 15 occasions.

From 1977 through 1987, the ticket price which qualified for the tax exemption was increased several times by the Board of Supervisors, in order to continue to exempt from the tax the first 42,500 tickets which were sold to each Giants game. Between 1988 and December 31, 1992, the exemption from the tax applied to tickets priced at \$12.99 or less, if they were among the first 42,500 tickets at each event which were sold. All tickets sold in excess of 42,500 for any single event, regardless of their price, and all tickets priced at \$13.00 or more, were subject to the tax. The exemption from the Stadium Operator Admission Tax expired on December 31, 1992, except on tickets priced at \$2.01 or less.

BOARD OF SUPERVISORS
BUDGET ANALYST

The proposed ordinance (File 127-92.1), which was continued from the Finance Committee meeting of January 13, 1993, would amend Section 807 to extend the exemption for one year, until December 31, 1993, for tickets sold at \$17.99 or less, if they are among the first 42,500 paid Admission at each event. This represents a \$5.00 increase from the \$12.99 maximum ticket price which qualified for the exemption until December 31, 1992. Therefore, under the proposed ordinance, tickets priced up to \$17.99 instead of up to \$12.99 would be exempt from the tax through December 31, 1993. Under this proposed ordinance, the tax would remain unchanged at \$0.50 per ticket.

Under the alternative second proposed ordinance (File 127-93-1), the Administrative Code would be amended to eliminate any reference to an expiration date for the tax exemption, and the exemption would continue indefinitely. As a result, future approval by the Board of Supervisors would not be required to continue this exemption. In addition, the maximum ticket price which would qualify for the exemption would be raised to \$25.01 for the first 42,500 tickets sold at each event. Therefore, under this proposed ordinance, tickets priced up to \$25.01, instead of up to \$17.99 as in File 127-92-2.1, or tickets priced up to \$12.99 under the tax exemption legislation which expired December 31, 1992, would be exempt from the tax indefinitely. This proposed alternative ordinance would also raise the amount of the Stadium Operator Admission Tax from \$0.50 per ticket to \$1.50 per ticket. This higher tax of \$1.50 would apply only (a) to tickets sold in excess of 42,500 at any one event, regardless of their price, and (b) to all tickets priced above \$25.01.

Comments

1. The Giants report that (a) the stadium expansion of 1970 was exclusively for the accommodation of football; (b) between 1970 and 1979, attendance in excess of pre-expansion capacity (approximately 42,500) occurred on only 15 occasions totaling only 118,526 tickets with total additional ticket sales from the expansion resulting in approximately \$511,600 of additional revenue; (c) during this same time period (1970-79), the Giants generated approximately \$2,064,046 in Stadium Operator Admission Tax revenues. Since 1980, the Giants have exceeded pre-expansion capacity on 60 dates (10 of these dates were in the 1989 season which had total attendance of 2,370,126 including 310,297 for three playoff games and two World Series games).

2. Under either of the proposed ordinances, none of the Giants tickets sold in 1993 would be subject to the Stadium Operator Admission Tax except those tickets in excess of 42,500 sold at any one game. This is because either ordinance would exempt tickets priced at \$17.99 or less and, under current price schedules adopted for the 1993 season all Giants tickets sold in 1993 will be priced at \$17.50 or less. Since the highest priced Giants ticket for the 1993 season will be \$17.50, none of the Giants tickets will exceed either the \$17.99 minimum price under File 127-92-2.1 or the \$25.01 minimum price under File 127-93-1. Therefore, the Stadium Operator Admission Tax would not apply for any of the tickets sold by the Giants except for those tickets sold in excess of 42,500 at any single game.

Under either ordinance, the exemption would apply to the first 42,500 tickets sold at each game. Any tickets sold in excess of 42,500 at each game, regardless of price, would be subject to the Admission tax. However, as noted at Comment No. 1 above, Giants attendance at any single game rarely exceeds 42,500. Attendance above 42,500 has occurred on only 60 occasions over the past 12 baseball seasons, for an average of only 5 games annually. Therefore, the effect of either proposed ordinance would be to exempt essentially all Giants tickets from the Stadium Operator Admission Tax.

3. Actual revenues to the Candlestick Park Fund from the Admission tax on tickets to Giants baseball games were \$6,761 in 1991-92, resulting from a \$0.50 tax on 1) tickets priced above \$12.99 for the first 42,500 tickets sold at playoff games, and 2) all tickets sold in excess of 42,500.

The Board of Supervisors previously approved existing law under the Administrative Code, which provided for the expiration of the tax exemption on December 31, 1992 (except for tickets priced at \$2.01 or less), thereby requiring the tax to be imposed in 1993 on all tickets to events held at Candlestick Park (including all Giants and 49ers games) priced at \$2.02 or more. The lowest price of a Giants ticket in 1993 will be \$2.75, so that none of the Giants tickets would qualify for a tax exemption under this existing law. Therefore, the City's 1992-93 budget includes estimated revenues of \$700,000 from the proceeds of the Stadium Operator Admission Tax on Giants tickets sold in 1993.

As discussed in Comment No. 2 above, however, either of the proposed ordinances would exempt essentially all Giants tickets which are sold for the 1993 season. Since none of the Giants tickets which the City had previously expected to be

taxed for the 1993 season would be taxed, under either proposed ordinance, the City would realize none of the \$700,000 in Stadium Operator Admission Tax revenues which were budgeted in the 1992-93 Candlestick Park Fund budget from the sale of Giants tickets, if either ordinance is approved.

Either proposed ordinance, while exempting essentially all Giants tickets from the tax, would however maintain the tax on all 49er tickets since the basic price of a 49ers ticket in 1993 is \$33.50. This minimum ticket price for a 49ers ticket in 1993 is higher than the ticket prices which would qualify for the exemption under the proposed ordinances (\$17.99 or less under File No. 127-92-21 and \$25.01 or less under File No. 127-93-1).

Therefore, if the exemption from the admission tax is renewed for 1993 by enactment of either of the two proposed ordinances, the Candlestick Park Fund would experience a shortfall of \$700,000 from budgeted 1992-93 Admission tax revenues.

4. In FY 1992-93 the Candlestick Park Fund had a surplus of approximately \$3.5 million which was budgeted as a transfer to the General Fund. In order to operate Candlestick Park at its current level, this \$3.5 million transfer from the Candlestick Park Fund to the General Fund would have to be reduced by \$700,000 in FY 1992-93, if either proposed ordinance is approved.

6. A schedule of ticket prices for the Giants for the 1993 baseball season, as approved by the Recreation and Park Commission, is attached to this report.

7. As previously noted, the effect of the proposed ordinance (File 127-92-2.1), which was previously continued by the Finance Committee on January 13, 1993, would be to renew the exemption from the \$.50 admission tax through December 31, 1993, for the first 42,500 Giants tickets sold for each game by exempting tickets priced between \$13.00 and 17.99. As previously noted, except for those (historically infrequent) occasions when Giants attendance exceeds 42,500, this would result in an exemption from the tax for all Giants tickets sold in 1993, all of which will be priced below \$17.99.

The alternative proposed ordinance (File 127-93-1) would (1) increase the number of tickets which qualify for the tax exemption by also exempting tickets priced between \$13.00

and \$25.01, (2) would eliminate an expiration date for the tax exemption for tickets priced at \$25.01 or less, so that the exemption would apply indefinitely, without further approval required by the Board of Supervisors, and (3) would raise the tax for any tickets which are subject to the tax from \$0.50 to \$1.50 on tickets priced at more than \$25.01 or sold in excess of 42,500 at any one game.

The Budget Analyst notes that, since no tickets will be priced between \$17.99 and \$25.01 in 1993, the difference between the two proposed ordinances in the price which qualifies for the exemption would have no effect in 1993. As noted previously, essentially all Giants tickets would be exempt from the tax in 1993 under either ordinance.

8. However, by raising the price level for the tax exemption to \$25.01 and eliminating an expiration date for the exemption, the more recent proposed ordinance (File 127-93-1) would preclude any Admission tax on Giants tickets (except those in excess of 42,500) until Giants ticket prices were raised above \$25.01. Such a price increase would represent a 43 percent increase from the \$17.50 cost of the Giants' most expensive ticket in 1993, and a 122 percent increase in the mid-range 1993 ticket price of \$11.25.

9. Under Item 10, the proposed ordinance (File 127-93-1) would raise the Admission tax from \$.50 to \$1.50 on tickets sold at \$25.01 or more or on tickets sold in excess of 42,500 at any one game. However, since essentially all Giants tickets would be exempt from the tax indefinitely under this proposed ordinance, an increase in the tax will have limited effect on tax revenues from the sale of Giants tickets.

10. Mr. Jim Lazarus of the Mayor's Office states that the proposed increase in the Admission tax rate from \$.50 to \$1.50 under the proposed ordinance (127-93-1) has resulted from discussions with the San Francisco 49ers concerning possible changes in the allocation of 49ers revenues to the City.

Specifically, Mr. Lazarus relates the following explanations in support of the proposed admission tax increase of \$1.00 from \$.50 to \$1.50:

The 49ers are required to pay 40 percent of their ticket revenues to visiting football teams. Therefore, it is beneficial to the 49ers to generate revenues from sources other than revenues from the sale of tickets, to the extent possible.

A one dollar (\$1.00) surcharge on 49ers tickets, which had accrued to the City, expired on December 31, 1992.

Under current lease provisions with the 49ers, the City will receive 14.8 percent of food concession revenues generated at 49ers games.

Rather than (1) decreasing the price of 49ers tickets to reflect the expiration of the surcharge, or (2) keeping ticket prices the same, resulting in higher ticket revenues to the 49ers, the 49ers have suggested that the Stadium Operator Admission Tax be increased by \$1.00 from .50 to \$1.50. The elimination of the \$1.00 surcharge, coupled with the proposed \$1.00 increase in the Admission tax, would leave 49ers ticket prices unchanged for the consumer for the 1993 football season.

In exchange for raising the admission tax to \$1.50, resulting in higher admission tax revenues to the City, the Mayor's Office and the 49ers are discussing that the City's 14.8 percent share of 49ers food concession revenues generated at 49er games, presently accruing to the City, would accrue to the 49ers.

In summary, although the Budget Analyst has not been provided with any finalized documentation of this proposal, the effect of this proposal, as explained by Mr. Lazarus, would be as follows:

- The price of 49ers tickets would be unchanged for the 1993 football season despite the expiration on December 31, 1992 of the \$1.00 surcharge.
- The City would receive an additional \$1.00 Stadium Operator Admission Tax for each 49ers ticket which is subject to the admission tax. The City would transfer to the 49ers the City's 14.8 percent share of 49ers food concession revenues generated at 49ers games.

11. Mr. Lazarus states that, under the proposal outlined above, both the City and the 49ers would realize more revenues than at present over approximately 15 years in which the agreement would remain in effect. Specifically, Mr. Lazarus estimates that the City would realize approximately \$900,000 more in Stadium Operator Admission Tax revenues over that period than it would receive in 49ers concession revenues, and the 49ers would realize approximately \$2.6 million in new revenue. However, as of the writing of this report, negotiations were still

continuing between the Mayor's Office and the San Francisco 49ers. The Budget Analyst is unable to evaluate the fiscal impact on the City of the proposal to increase the Stadium Operator Admission Tax by \$1.00 from \$.50 to \$1.50 and to transfer food concession revenues to the 49ers, in the absence of proposed legislation which includes all of the final details of the proposal.

Mr. Lazarus indicates that any proposed amendment to the 49ers lease with the City to incorporate changes in the allocation of food concession revenues would require approval by the Recreation and Park Commission and the Board of Supervisors.

12. Mr. Lazarus states that the transfer of concession revenues to the 49ers would be "in exchange" for the proposed \$1.00 increase in the admission tax. However, the Budget Analyst notes that the 49ers are not empowered to impose the admission tax, which is paid by ticket purchasers and received by the City; therefore, the 49ers cannot "agree" to the tax increase "in exchange" for concessions from the City.

To the contrary, the City could unilaterally increase the Admission tax to \$1.50 (resulting in no net change in 49ers ticket prices) and still continue to receive its 14.8 percent share of 49ers concession revenues. (The admission tax revenues accrue to the Candlestick Park Fund.)

13. As previously noted, the Admission tax will not apply to Giants tickets sold in 1993, regardless of the amount of the tax, if either proposed resolution is approved. It would appear that the Stadium Operator Admission Tax should not be increased until the Board of Supervisors is provided with a finalized proposal in the form of legislation resulting from the ongoing negotiations between the 49ers and the City.

Therefore, the Budget Analyst recommends that, if the proposed resolution (File 127-93-1) is approved, it should first be amended to reflect that the Stadium Operator Admission Tax would continue to be \$.50 for each ticket which is subject to the tax, pending submission of finalized legislation concerning the ongoing negotiations between the 49ers and the City.

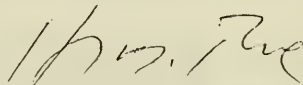
14. In May, 1992, the Board of Supervisors approved the extension of the Stadium Operator Admission Tax from December 31, 1991 through December 31, 1992. At that time, the Finance Committee reported its intention not to extend

the exemption beyond December 31, 1992 except for tickets priced at \$2.01 or less.

15. The Budget Analyst notes that, since the Administrative Code currently provides for the expiration of the tax exemption (except on tickets priced at \$2.01 or less) effective December 31, 1992, no legislation would be required in order for the City to generate the Stadium Operator Admission Tax revenues which were included in the City's 1992-93 Candlestick Park budget.

16. As previously noted, if the exemption from the Stadium Operator Admission Tax is renewed for 1993 by approval of either of the two proposed ordinances, the Candlestick Park Fund would experience a shortfall of \$700,000 from budgeted 1992-93 Stadium Operator Admission Tax revenues. As previously explained in Comment No. 4 above, this would result in a direct loss to the City's General Fund.

Recommendation Approval of the proposed exemption from the Stadium Operator Admission Tax (either File 127-93-1 or File 127-93-2.1), including the price of tickets which qualify for the exemption and the expiration date, if any, of the exemption, is a policy matter for the Board of Supervisors. As stated above, approval of either ordinance would result in an estimated annual loss to the City's General Fund of approximately \$700,000.



Harvey M. Rose

cc: Supervisor Migden
Supervisor Hsieh
President Alioto
Supervisor Achtenberg
Supervisor Bierman
Supervisor Conroy
Supervisor Hallinan

Supervisor Kaufman
Supervisor Kennedy
Supervisor Maher
Supervisor Shelley
Clerk of the Board
Chief Administrative Officer
Controller

Teresa Serata
Barbara Kolesar
Ted Lakey

BOARD OF SUPERVISORS
BUDGET ANALYST

10. **SAN FRANCISCO GIANTS**
TICKET PRICES (Continued)

Commissioner Sommer noted that a designated number of baseball tickets will be given to children and that many tickets are offered at a discounted price by the Giants.

Robert Hartzell, representing the Giants, explained that a discount is offered for children and senior programs and that \$3.1 Million worth of tickets will be distributed to the public.

On motion of Commissioner Sommer, seconded by Commissioner Chan, the following resolution was adopted:

RES. NO. 16550

RESOLVED, That this Commission approves the request from the San Francisco Giants to change ticket prices for the 1993 season as follows:

	<u>Current</u>	<u>Approved</u>
Lower Box MVP (Section 1-13)	\$14.25**	\$17.50
Lower Box (Section 14-23)	12.25	No Increase
Upper Box MVP (Section 1-17)	New Category	12.25
Upper Box (Section 18-62)	11.25	No Increase
Lower Reserved	10.25	No Increase
Upper Reserved	8.25	6.75
Family Pavilion	5.25	No Increase
*Bleacher	New Category	4.75
General Admission	2.75	No Increase

*If Bleacher seats are constructed

Full Season Per Suite Cost

Suites 2-61		
8 Seat	\$26,240	\$29,520
10 Seat	32,800	36,900
12 Seat	39,360	44,280
18 Seat	59,040	66,420
Suites A-E & 62-69		
10 Seat	24,600	No Increase
12 Seat	29,520	No Increase
16 Seat	39,360	No Increase
19 Seat	46,740	No Increase
20 Seat	49,200	No Increase

Per Game Rental Price

Suites 1, 68, 70-89		
10 Seat	\$ 350	\$ 400
12 Seat	420	480
14 Seat	490	560
24 Seat	840	1,080

**On 10/18/90, by Resolution No. 15846, the Recreation and Park Commission approved a rate of \$12.75 for the MVP Season Ticket. The Giants charged \$14.00 for these tickets for the 1991 season and \$14.25 for the 1992 baseball season.

S90.07

CALENDAR

Action
Taken

DOCUMENTS DEPT

#2

3/24/93

AUG 27 1996

SAN FRANCISCO
PUBLIC LIBRARY

MEETING OF
BUDGET COMMITTEE
BOARD OF SUPERVISORS
CITY AND COUNTY OF SAN FRANCISCO

WEDNESDAY, MARCH 24, 1993 - 2:00 P.M.

ROOM 228, CITY HALL

PRESENT: SUPERVISORS MIGDEN, HSIEH, ALIOTO

CLERK: KAY GULBENGAY

NOTE: Copies of the Budget Analyst's Report will be available for review on the counter in the Office of the Clerk of the Board, Room 235, City Hall, 10:00 a.m., the date of the meeting.

CONSENT CALENDAR

1. All matters listed hereunder constitute a Consent Calendar, are considered to be routine by the Budget Committee, and will be acted upon by a single roll call vote of the Committee. There will be no separate discussion of these items unless a member of the Committee or a member of the public so requests, in which event the matter shall be removed from the Consent Calendar and considered as a separate item.

- (a) File 100-92-1.6. [Release of Funds] Requesting release of reserved funds, Adult Probation Department, in the amount of \$79,270, to implement a local area network for word processing pool. (Adult Probation Department)

ACTION: Hearing held. Release of \$79,270 recommended. Filed.

- (b) File 101-92-45. [Release of Funds] Requesting release of reserved funds, Department of Public Works, Earthquake Safety Program Phase II, in an amount totalling \$235,427, Laguna Honda Hospital/Clarendon Hall earthquake repair contract. (Also see Files 101-90-11, 101-90-78 and 101-90-127, Ordinances 334-90, 144-91 and 259-91) (Department of Public Works)

ACTION: Hearing held. Release of \$225,427 recommended. Filed.

- (c) File 79-93-1. [Federal Funding - Community Development] Resolution approving the transfer of \$26,326 of Community Development Block Grant funds from the Community Housing Rehabilitation Program Pool to the Chief Administrative Officer for UMB (unreinforced masonry building) Program Development and approving addendum No. 1 to the 1993 Community Development Program. (Supervisor Shelley)

ACTION: Hearing held. Recommended.

- (d) File 270-93-2. [Mayor's Earthquake Emergency Relief Fund Expenditure] Resolution approving expenditure of \$37,686 from the Mayor's Earthquake Relief fund for the purpose of funding position of 9764 Assistant to the Chief Administrative Officer V for the Unreinforced Masonry Building Bond Program. (Chief Administrative Officer)

ACTION: Hearing held. Recommended.

REGULAR CALENDAR

2. File 96-93-1. [Property, Sale of Surplus] Ordinance authorizing and directing the sale of surplus city-owned property known as a portion of Water Department Parcel 55 located at Lake Merced Boulevard and John Muir Drive and adopting findings pursuant to City Planning Code Section 101.1. (Supervisor Alioto)

ACTION: Hearing held. Recommended.

3. File 101-92-47. [Government Funding] Appropriating \$4,446,743, Controller-ISD, for program project budget (Data Center Relocation and Consolidation Project). (Controller) (Companion measure to File 64-93-5)

ACTION: Hearing held. Recommended.

4. File 64-93-5. [Lease of Real Property] Resolution authorizing a new lease of real property at One Market Plaza for the Controller's Informational Services Division's Data Center. (Real Estate Department) (Companion measure to 101-92-47)

ACTION: Hearing held. Recommended.

5. File 101-92-46. [Government Funding] Ordinance appropriating \$50,000 for professional service, Commission on the Status of Women for fiscal year 1992-93; subject of previous budgetary denial. (Supervisor Migden)

ACTION: Hearing held. Recommended.

6. File 101-92-53. [Government Funding] Ordinance appropriating \$132,491 for other contractual services, Department of Social Services for fiscal year 1992-93; providing for ratification of action previously taken. (Supervisor Migden)

ACTION: Hearing held. Recommended.

7. File 101-92-56. [Government Funding] Ordinance appropriating \$250,000 for permanent salaries - miscellaneous, permanent salaries - nurses and related mandatory fringe benefits, Public Health for fiscal year 1992-93. (Supervisor Migden)

ACTION: Hearing held. Recommended as amended. (See File for details.)

New Title: "Appropriating \$179,264 for permanent salaries - miscellaneous, permanent salaries - nurses and related mandatory fringe benefits, Public Health for fiscal year 1992-93."

Recommended as amended. (Supervisors Alioto and Hsieh added as co-sponsors.)

8. File 207-93-7. Hearing to consider alleged abuse of the San Francisco Police Department's contingent fund. (Supervisor Hallinan)
(Continued from 3/10/93)

ACTION: Hearing held. Filed.

9. File 224-93-1. Hearing to consider whether commercial properties, including One Market Plaza, have escaped reassessment on transfer ownership, and the budget implications of escaped reassessments. (Supervisor Migden)

ACTION: Hearing held. Filed.

CALENDAR

**JOINT MEETING
BUDGET/GOVERNMENT EFFICIENCY & LABOR COMMITTEE
BOARD OF SUPERVISORS
CITY AND COUNTY OF SAN FRANCISCO**

WEDNESDAY, MARCH 24, 1993 - 3:00 P.M.

ROOM 228, CITY HALL

PRESENT: SUPERVISORS MIGDEN, HALLINAN, HSIEH, KAUFMAN, ALIOTO,
BIERMAN

CLERK: KAY GULBENGAY

NOTE: Copies of the Budget Analyst's Report will be available for review on the counter in the Office of the Clerk of the Board, Room 235, City Hall, 10:00 a.m., the date of the meeting.

1. File 273-92-1. Hearing to consider the extent and the amount of the City's use of personal services contracts. (Supervisors Hsieh, Hallinan)

ACTION: Hearing held. Continued to call of the chair.
(Supervisors Migden, Alioto, Conroy added as co-sponsors.)

CITY AND COUNTY



OF SAN FRANCISCO

BOARD OF SUPERVISORS**BUDGET ANALYST**

1390 MARKET STREET, SUITE 1025

SAN FRANCISCO, CALIFORNIA 94102 • TELEPHONE (415) 554-7642

March 22, 1993

TO: Budget Committee**FROM:** Budget Analyst**SUBJECT:** March 24, 1993 Budget Committee Meeting**Item 1a - File 100-92-1.6****Department:** Adult Probation**Item:** Release of reserved funds for implementation of a local area network (LAN) for a word processing pool**Amount:** \$79,270

Description: During the FY 1992-93 budget review, the Board of Supervisors appropriated but reserved \$79,270 for the Adult Probation Department's implementation of a LAN for the Department's word processing pool. The purpose of the LAN is to increase the Department's word processing capabilities by centralizing database information. The Department reports that the LAN would increase productivity and efficiency of reports generated for the Superior Court. The funds were placed on reserve pending Electronic Information Processing Steering Committee (EIPSC) approval. The \$79,270 budget for the proposed LAN project is as follows:

EDP Services	\$2,000
Training	1,500
Equipment-Lease Purchase	71,870
Building Repair	<u>3,900</u>
Total	\$79,250

Memo to Budget Committee
March 24, 1993

EIPSC has now approved the Adult Probation's implementation of a LAN system for a word processing pool.

Recommendation: Approve the release of reserve in the amount of \$79,270 as requested.

BOARD OF SUPERVISORS
BUDGET ANALYST

Item 1b - File 101-92-45

Department: Department of Public Works (DPW)
Department of Public Health, Laguna Honda Hospital (LHH)

Item: Release of reserved funds for DPW's Earthquake Safety Program Phase II for LHH/Clarendon Hall earthquake repair contract.

Amount: \$235,427

Description: The Earthquake Safety Program, Phase II, first and second bond sale appropriation requests totaling \$49,500,000 were approved by the Board of Supervisors (Files 101-90-11, 101-90-78, and 101-90-127) in 1991. The Board of Supervisors reserved \$21,906,274 for professional and construction services at various facilities, pending the selection of contractors, the provision of contract budget details and the MBE/WBE status of contractors.

Of the \$21,906,274 reserved, \$235,427 is for earthquake repairs at LHH. The \$235,427 funds reserved for LHH would be used to partially fund contract services for earthquake damage repairs to the Clarendon Hall South Wing of LHH.

The DPW received 12 bids for earthquake repairs at LHH. Of the twelve bids received by LHH, Eslinger & Son Construction Co. submitted the lowest, most responsible bid of \$342,586 for earthquake damage repairs. Bids for building modifications pursuant to the Americans with Disabilities Act (ADA) were also requested of the bidders by the DPW. However, the ADA bids were not included as criteria in the selection process of the contractor. The DPW reports that the total amount for the construction contract is \$402,511 as follows:

Earthquake Damage Repairs (low bid)	\$342,586
ADA Modifications*	<u>59,925</u>
Total Cost	\$402,511

*The Americans with Disabilities Act (ADA) requires that restroom facilities in public institutions be made to be wheelchair accessible.

Eslinger & Son Construction Co. is neither an MBE or WBE firm. However, Ms. Mary Starkweather of the Human Rights Commission reports that the contract includes approximately 11.7 percent in minority participation for subcontractor related services.

According to Mr. Jorge Alfaro of the DPW, the \$167,084 remaining balance (\$402,511 total cost less \$235,427 request) of the earthquake damage repairs and the ADA modifications not covered by the \$235,427 proposed release of reserve will be covered by Federal Emergency Management Act (FEMA) funding.

Recommendation: Approve the release of reserved funds in the amount of \$235,427 as requested.

Memo to Budget Committee
March 24, 1993 Budget Committee Meeting

Items 1c and 1d - Files 79-93-1 and 270-93-2

Department: Chief Administrative Officer
Mayor's Office of Community Development

Items: Item 1c, File 79-93-1: Resolution approving the transfer of \$26,326 of Community Development Block Grant (CDBG) funds from the Community Housing Rehabilitation Program Pool (CHRP) to the Chief Administrative Officer (CAO) for the Unreinforced Masonry Building (UMB) Program development staffing and approving addendum No. 1 to the 1993 Community Development Program.

Item 1d, File 270-93-2: Resolution approving expenditure of \$37,686 from the Mayor's Earthquake Emergency Relief Fund (MEERF) to partially fund a 9764 Assistant to the Chief Administrative Officer V position for the Unreinforced Masonry Building (UMB) Bond Program.

Amount: \$64,012

Source of Funds:	Community Housing Rehabilitation Program Pool	\$26,326
	Mayor's Earthquake Emergency Relief Fund	<u>37,686</u>
	Total	\$64,012

Description: On November 3, 1992, San Francisco voters approved Proposition A authorizing the issuance of \$350 million of General Obligation bonds to provide loans for seismic strengthening of unreinforced masonry buildings through the Seismic Safety Retrofit Program. To assist the implementation of the City's Seismic Safety Retrofit Program, the Board of Supervisors amended the City's Administrative Code (File 97-92-66) to establish a 13-member Program Board. The Program Board is charged with recommending regulations for the administration of the UMB Program. Also in accordance with the amendment to the City's Administrative Code, the Chief Administrative Officer (CAO) is required to provide staff assistance for the Program Board.

In order to provide the required staff assistance for developing UMB Program regulations, the CAO would create a new temporary position for the 10-month period from April 5, 1993 to February 5, 1994. The CAO's project budget for the staff assistant and related operating costs is as follows:

Memo to Budget Committee
March 24, 1993 Budget Committee Meeting

<u>Personnel Costs</u>	
9764 Assistant to the CAO V (0.83 FTE)	\$48,144
Fringe Benefits	<u>11,868</u>
Subtotal - Personnel Costs	\$60,012
<u>Operating Costs</u>	
Reproduction	\$2,000
Mail Services	<u>2,000</u>
Subtotal - Operating Costs	\$4,000
TOTAL PROJECT COST	\$64,012

The proposed resolution (Item 1c, File 79-93-1) would approve transfer of \$26,326 in CDBG funds from the CHRP to the CAO to fund approximately 41 percent of the UMB staff assistance position and related operating costs.

The proposed resolution (Item 1d, File 270-93-2) would fund \$37,686 or approximately 59 percent of the cost of the UMB staff assistance position and related operating costs with funds from the MEERP.

According to the CAO's Office there are two options for reimbursing the MEERF. One option is to reimburse the MEERF from interest earnings on bond proceeds that are invested until needed for loans. The second option is the use of surcharges on loan repayments made by UMB Program participants. There is no date specified by which the \$37,686 from the MEERF must be repaid.

The proposed temporary Assistant to the CAO position will be responsible for developing issue papers and recommendations for the Program Board, assisting in drafting the Program Board's recommendations into legislation for consideration by the Board of Supervisors, developing interdepartmental procedures for execution of the UMB retrofit program and designing the UMB loan program.

Comments:

1. In addition to providing funding for loans for seismic strengthening, Proposition A provides for use of UMB bond proceeds to pay necessary administrative costs.

BOARD OF SUPERVISORS
BUDGET ANALYST

2. Deputy City Attorney Jack Pizza states that the second payment option described above, a surcharge on loan repayments, is preferable because of a question as to the legality of using the first option, interest earnings from the proceeds of the UMB Bonds. Mr. Pizza reports that the issue of legality has not yet been settled.

3. As noted above, the CAO would reimburse the MEERF from either interest earnings on the UMB bonds or from surcharges on loan repayments. However the CAO cannot make an estimate as to how much money the MEERF will be repaid per year or how many years it will take to fully repay the \$37,686 to the MEERF, because the level of UMB loan activity (and repayments) will depend upon the number and volume of viable proposals that are submitted for funding.

4. Mr. Joe LaTorre, Deputy Director of the Mayor's Office of Housing, states that the Community Development Block Grant CHRP program provides a loan pool for rehabilitation of both owner-occupied low-income housing and low-income multifamily units owned by non-profit organizations. Mr. LaTorre reports that CHRP's 1993 loan pool totals approximately \$1.5 million.

5. Proposition A, the 1992 measure that authorizes issuance of the UMB bonds, provides that \$150 million of the \$350 million total bond proceeds be targeted to low and moderate income housing. Mr. Ted Dienstfrey, Director of the Mayor's Office of Housing, reports in a February 12, 1993 letter to the CAO that low income housing occupies approximately one-third of unreinforced masonry buildings in San Francisco that would be eligible for UMB Program loans. Mr. Dienstfrey indicates that the use of CHRP funds for approximately 41 percent of the staff assistant and operating cost to develop the UMB Program is appropriate because the UMB Program is expected to use approximately 41 percent of its loan funds to finance seismic rehabilitation of low-income housing.

Recommendation: Approve the proposed resolution.

Item 2 - File 96-93-1

Department: Public Utilities Commission

Item: Ordinance authorizing and directing the sale of surplus City-owned property known as a portion of Water Department Parcel 55 located at Lake Merced Boulevard and John Muir Drive and adopting findings pursuant to City Planning Code Section 101.1.

Amount: Minimum bid of \$2,200,000

Description: The proposed ordinance would authorize the auction of surplus Water Department property containing approximately 17.35 acres and located near the intersection of Lake Merced Boulevard and John Muir Drive in the extreme southwest corner of San Francisco.

The Public Utilities Commission, by its Resolution No. 92-0356, dated December 8, 1992, declared the subject property surplus to the Water Department's operating needs and authorized the Director of Property to prepare the necessary legislation for enactment by the Board of Supervisors to conduct the sale of this surplus property at public auction.

In conjunction with the PUC's action, the Recreation and Park Commission approved its Resolution No. 16548, dated January 21, 1993, approving the surplus property designation for the subject property. The Recreation and Park Commission approval was necessary because the PUC, by its approval of Resolution No. 10,435, dated January 30, 1950, conferred upon the Recreation and Park Commission the right to occupy, use, and improve the subject property for park and recreational purposes. PUC Resolution No. 10,435 contains the following pertinent provision:

The Public Utilities Commission reserves the right to sell or trade any portion of the Lake Merced Tract, provided such action is necessary or advisable in the opinion of both the Public Utilities Commission and the Park and Recreation Commission. In the event of disagreement between these two commissions, the matter will be referred to the Mayor for final decision.

The subject property is currently leased from the City by the Olympic Club and contains one hole of the 18 hole Lake Course and four holes of the 18 hole Ocean Course operated by the

Olympic Club. The Olympic Club owns the property that contains the remaining 31 holes of the two golf courses.

The Department of City Planning reported by letter dated November 16, 1990, that the sale of the subject property would be in conformity with the Master Plan and would be consistent with the priority policies of Planning Code Section 101.1. In finding the proposed sale to be in conformity with the Master Plan, the Department of City Planning required that appropriate deed restrictions be recorded which would prevent any permanent structures from ever being constructed on the subject property and which would restrict the property to such uses as a golf course, park, playground, or other related recreational use.

The proposed ordinance would authorize the Real Estate Department to conduct a public auction for the subject property. The award of the sale of this property to the highest bidder and the related amount to be received by the City would be subject to approval by the Board of Supervisors in future, separate legislation.

Comments:

1. The minimum bid of \$2,200,000 for the sale of this City-owned property which is presently leased by the PUC to the Olympic Club for \$3,480.75 per month (\$41,769 annually), was the source of funds for one of the budget revisions previously approved by the Board of Supervisors in order to assist in resolving the City's projected FY 1992-93 budget deficit.
2. This surplus property would be sold subject to various utility easements and subject to the existing lease through 1996 to the adjacent property owner, the Olympic Club, which as previously noted, uses this leased property from the City for five holes on their two golf courses.
3. Mr. Haslam of the Real Estate Department reports that the fair market value of the subject parcel for the aforementioned uses is a minimum of \$2,200,000.
4. Mr. Haslam further reports that the advertising program for soliciting bids on the sale of the subject property currently leased by the Olympic Club has not been finalized, but that as a minimum, notification would be provided to those on Departmental lists of interested parties and that the proposed sale of this surplus property would be advertised in the S. F. Chronicle, the S. F. Examiner, and the Independent newspapers.

Recommendation: Approve the proposed ordinance.

Items 3 and 4 - Files 101-92-47 and 64-93-5

Department: Controller, Information Services Division (ISD)
Real Estate Department

Items: Item 3, File 101-92-47: Supplemental appropriation ordinance appropriating \$4,446,743 to fund the Controller's Data Center Relocation and Consolidation Project budget

Item 4, File 64-93-5: Resolution authorizing a new lease of real property at One Market Plaza for the relocation of the Controller's Information Services Division Data Center

Amount: \$4,446,743

Source of Funds:

1990 Earthquake Safety Bond Fund Capital Improvement Project	\$1,080,410
Controller ISD Reserve for Replacement of Facilities Program Project Budget	<u>3,366,333</u>
Total	\$4,446,743

Description: In order to vacate the basement of City Hall where the ISD Data Center is currently located, for the beginning of earthquake repairs of City Hall, the ISD proposes moving its Data Center to One Market Plaza. The One Market Plaza space consists of the second floor of the One Market Plaza building that is currently the data center for Del Monte Corporation. Del Monte Corporation is planning to move their data center out of the second floor at One Market Plaza by May 15, 1993.

The Real Estate Department indicates that unlike relocating most of the City Hall offices into other locations to effect earthquake repairs to City Hall, relocating the ISD Data Center is more complicated because (a) the new site must be specifically designed for a data center, (b) the computer equipment to be moved is delicate electronic equipment and (c) the move must be scheduled in such a way as to avoid any disruption in data processing activities which are normally performed around the clock. Therefore, moving the ISD Data Center to a new location has a high priority for the Real Estate Department in order to have sufficient time to accommodate the special requirements of such a move.

The Real Estate Department reports that they were previously negotiating for another data center site at One Market Plaza on the second floor but because Del Monte Corporation agrees to make tenant improvements to the second floor space when they leave and will transfer

ownership of equipment and fixtures that are essential to operation of a data center to the City, the Real Estate Department indicates that the proposed new lease will save the City the costs of these improvements, equipment and fixtures.

Del Monte Corporation agrees to make tenant improvements required by the City up to a cost of \$475,000 at no cost to the City. The City is responsible for the cost of tenant improvements in excess of \$475,000. The Real Estate Department estimates that the total cost of required tenant improvements is \$1,630,956 resulting in a net cost to the City of \$1,155,956. Of the \$1,155,956 net cost to the City, \$743,305 is to be funded by this proposed supplemental appropriation (File 101-92-47) and the \$412,651 balance (\$1,155,956 less \$743,305) will be funded from the ISD's 1993-94 budget.

Del Monte Corporation also agrees to transfer ownership of the existing fire suppression system, water detection system, individual air conditioning units, uninterrupted power source and back up electricity generator system and other miscellaneous computer support equipment that are being left at the site by Del Monte Corporation to the City at no cost. The Real Estate Department estimates the value of these systems and equipment, that are essential for operation of a data center, at \$223,718.

The ISD also proposes to take this opportunity to upgrade the ISD Data Center's computer equipment. Ms. Judy Johnston of the Controller's ISD indicates that based on a five to seven year useful life of computer equipment that ISD operates, the equipment should have been replaced three years ago. Ms. Johnston states that the computer equipment currently in use is outmoded and replacement parts are either nonexistent or very difficult to obtain. Ms. Johnston also states that the equipment is currently being used to its maximum design capacity and ability. The proposed new computer equipment which has previously been approved by the City's Electronic Information Processing Steering Committee (EIPSC) would cost \$3,433,954 to be funded by this proposed supplemental appropriation request (File 101-92-47). Details of computer items to be purchased are shown in the Attachment 1.

The ISD proposes to consolidate the existing Hall of Justice Data Center computer operations with the Controller's ISD computer operations at One Market Plaza in order to achieve savings estimated at approximately \$745,744 annually. The

BOARD OF SUPERVISORS
BUDGET ANALYST

Hall of Justice Data Center, which is operated by ISD currently serves the electronic data processing needs of the Police, Sheriff, District Attorney, Public Defender, Adult Municipal and Superior Courts and provides information and reports to State and Federal justice agencies. The estimated annual savings of \$745,744 results from reducing the ISD staff that operates the Hall of Justice Data Center by 19 positions and from savings from needing only one set of software at the consolidated data center instead of two sets (one for each current data center). Because a separate software licensing fee is charged for each set of software by the manufacturer, savings will result from reducing the number of software sets.

The ISD estimates the savings on an annual basis from consolidating the Hall of Justice Data Center with the ISD Data Center at One Market Plaza as follows:

Personnel Costs

\$849,461

19 permanent ISD positions currently operating the Hall of Justice Data Center would be eliminated. The Controller's Office will delete the 19 positions in the 1993-94 budget and will only request funding for 19 temporary positions for a six-month period from July 1, through December 31, 1993, the estimated date that the consolidation will be accomplished. The Overtime budget will be reduced by \$20,081. The 19 positions that would be eliminated effective 1/1/94 are listed on Attachment 2.

Software License Fees

470,000

The Police Department will save \$320,163 in software license fees on computer software used at the Hall of Justice Data Center that currently duplicates software that is used by the ISD Data Center. An additional savings of \$159,837 in cost avoidance will be realized by the Police Department for license fees which it would have to pay starting July 1, 1994 for software used by the Hall of Justice Data Center for a total savings of \$480,000. The only additional software that will be necessary to operate a consolidated data center will cost \$10,000 in licensing fees which offsets the \$480,000 savings for a net savings of \$470,000.

Miscellaneous Savings \$33,681

New and Increased Costs (607,398)

Because the ISD Data Center currently occupies City-owned property in the basement of City Hall there is no charge for rent. However, the City will incur a new annual cost of \$306,744 for rent at One Market Plaza. The ISD Data Center estimates that telephone charges will increase by \$35,234 annually as a result of moving the ISD Data Center out of City Hall where many other user City departments are located to another location some distance from City Hall. Increases for utilities costs are estimated at \$252,221 and miscellaneous cost increases are estimated at \$13,199.

Net Estimate Annual Savings \$745,744

The proposed supplemental appropriation would fund tenant improvements, purchases of new computer equipment and costs of relocating the ISD Data Center to One Market Plaza as follows (details of these costs are in Attachment 1):

Tenant Improvements	\$743,305
New Computer Equipment	3,433,954
Relocation Costs	<u>269,484</u>
Total	\$4,446,743

Details of the proposed new lease of space at One Market Plaza are as follows:

Lessor: One Market Plaza, a California General Partnership

No. of Sq. Ft. and
Cost per Month:

<u>Usage</u>	<u>Approx. Sq. Ft.</u>	<u>Cost Per Sq. Ft.</u>	<u>Total Cost Per Month</u>
Data Center.	19,000	\$1.29	\$24,542
Storage	500	0.50	250
Support	<u>1,000</u>	0.77	<u>770</u>
Total	20,500	1.25	\$25,562

Annual Cost: \$306,744

**Annual Cost
Increases:**

Based on a proration of increases in Lessor's actual operating expenses and property taxes but not to exceed five percent over previous year

**Utilities and
Janitor Services
Provided by
Lessor:**

Yes; standard building services and utilities except special environmental services peculiar to data center (such as high volume air conditioning and power requirements)

Term of Lease: Commence upon substantial completion of tenant improvements on or about August 1, 1993, but no later than October 1, 1993 through January 31, 2001 (or about seven years and four months , subject to the appropriation of funds in the City's annual budget).

Right of Renewal: Two, five-year renewal options

Comments:

1. The proposed relocation of the ISD Data Center to One Market Plaza has the approval of both the City's Capital Improvements Advisory Committee and the Electronic Information Processing Steering Committee (EIPSC). The proposed consolidation of the Hall of Justice Data Center into the ISD Data Center at One Market Plaza has been approved by EIPSC. The City's Capital Improvements Advisory Committee is not required to approve operational matters such as the consolidation of the Hall of Justice Data Center into the ISD Data Center.

2. The Controller ISD Reserve for Replacement of Facilities Program Project Budget that is the source of \$3,366,333 of the proposed supplemental appropriation is an accumulation of funds since the mid-1980's that the ISD has set aside from Work Order Recoveries from other, user departments for the purpose of the future replacement of computer equipment. The source of the \$1,080,410 balance of the proposed supplemental appropriation totaling \$4,446,743 is the 1990 Earthquake Safety Bond Fund Capital Improvement Project. No new General Fund monies are being requested at this time.

3. Although the ISD Data Center functions are targeted to be fully operational by September 4, 1993, the Hall of Justice Data Center is not expected to be consolidated until the end of December, 1993.

4. The Controller's Office will provide the Budget Analyst with appropriate back up documentation when the Controller's proposed 1993-94 Annual Budget is being reviewed in order for the Budget Analyst to assure the Board of Supervisors that the 19 positions have been deleted and that the other related savings as noted above will be achieved. The Controller's Office has advised that the net estimated annual savings will be \$745,744 beginning in fiscal year 1994-95. A lesser sum of \$434,734 will be saved in fiscal year 1993-94 because the 19 positions will be funded as temporary salaries for six months in fiscal year 1993-94.

Recommendation: Approve the proposed resolution (File 64-93-5) authorizing a new lease of real property at One Market Plaza for the relocation of the Controller's ISD Data Center and the proposed supplemental appropriation ordinance (File 101-92-47) providing funding for that relocation, tenant improvements to the new site and new computer equipment.

SUMMARY OF ONE-TIME/STARTUP COSTS

One-Time/Start-Up Expense			Source Of Funds	
DESCRIPTION OF ITEM	EXPENSE	COMMENTS	FUNDED DEPRECIATION	BOND FUNDS
EQUIPMENT				
Shared Equipment				
DOWNPMT Upgrade 210 to 622	1,600,000	Total Cost \$3,476,731 w/ tax. Finance Bal.	1,600,000	
2914 Replacement	112,409	(1/2 for Ch Ext)	112,409	
Console Equipment	55,310		55,310	
ISD Only				
Channel Adapter-ACS	9,178	For MVS-LPAR Test.	9,178	
Used DASD etc prev with 440	600,000		600,000	
Network Relocation/Digital Conv				
Network Relocation	132,869			132,869
Digital Conversion	116,005		116,005	
Network Equipment (NCC)	38,000		38,000	
TI CSUs for ISD	5,350		5,350	
Rent Del Monte Equip-Temp	30,000	DASD, Tape, 3745	30,000	
2 Vans	28,849		28,849	
HOJ Only				
Used DASD for HOJ	318,000		318,000	
Replacement Tape Cartridge Sys.	124,891		124,891	
Console Equipment	52,360		52,360	
Rent 9121-210 for 7 mo	117,199	Est - regular IPA print + 20%	117,199	
3 Paths to Silo	27,534		27,534	
Printers for CMS	66,000		66,000	
SUBTOTAL	\$3,433,954		\$3,301,085	\$132,869
RELOCATION COSTS				
ISD Portion				
Basic ISD Relocation Costs	150,000	Includes network relocation plans		150,000
Relocation Assistance-R. E. Dept	20,000	Services already received		20,000
PDU relocation fm City Hall	6,000			6,000
Voice/data cable installation	20,195	DET est.		20,195
Halon System	8,041			8,041
HOJ Portion				
Basic HOJ Relocation Costs	50,000		50,000	
T3/T1 Installation for HOJ	15,248		15,248	
SUBTOTAL	\$269,484		\$65,248	\$204,236
TENANT IMPROVEMENTS-1 Mkt Pz				
ISD Portion of Req'd Improvements				
Site Construction & Equip.	686,180			686,180
Computer floor grounding sys.	40,087			40,087
Added computer floor area	17,038			17,038
SUBTOTAL	\$743,305			\$743,305
GRAND TOTAL	\$4,446,743		\$3,366,333	\$1,080,410
SUBTOTAL FOR HOJ-RELATED ITEMS	\$771,232			

CONTROLLER - ISD
 POSITION DETAIL REPORT
 NET CHANGE for HALL OF JUSTICE
 FY 1993-1994 (As of 03/18/93)

CSC PSI	CIVIL SERVICE CLASS TITLE	POS ID	FY-93 COUNT	FY-93 SALARY	FY-94 FRINGES	SAL/FRINGE SAVINGS	TOTAL
1402 A	JUNIOR CLERK	004	1	26,439	8,231	(1,639)	33,040
1424 A	CLERK TYPIST	016	1	30,974	9,172	(1,892)	38,254
1734 A	COMPUTER OPERATOR I	054	1	28,250	8,607	(1,734)	35,122
1734 A	COMPUTER OPERATOR I	056	1	26,935	8,334	(1,658)	33,611
1734 A	COMPUTER OPERATOR I	058	1	34,098	9,820	(2,072)	41,846
1736 A	COMPUTER OPERATOR II	061	1	38,195	10,670	(2,309)	46,557
1736 A	COMPUTER OPERATOR II	064	1	34,722	9,950	(2,108)	42,564
1736 A	COMPUTER OPERATOR II	067	1	39,931	11,031	(2,409)	48,553
1736 A	COMPUTER OPERATOR II	074	1	34,722	9,950	(2,108)	42,564
1736 A	COMPUTER OPERATOR II	078	1	38,071	10,643	(2,302)	46,414
1736 A	COMPUTER OPERATOR II	079	1	32,997	9,592	(2,008)	40,580
1736 A	COMPUTER OPERATOR II	317	1	28,693	8,699	(1,760)	35,632
1737 A	SENIOR COMPUTER OPERATOR	087	1	42,022	11,464	(2,530)	50,957
1738 A	COMPUTER OPERATION SHIFT	095	1	54,554	14,065	(3,254)	65,365
1780 A	ASSISTANT CHIEF, COMPUTER OPER	102	1	59,090	14,783	(3,507)	70,366
1853 A	CONTROL CLERK	119	1	31,685	9,320	(1,933)	39,072
1853 A	CONTROL CLERK	122	1	31,685	9,320	(1,933)	39,072
1853 A	CONTROL CLERK	304	1	31,685	9,320	(1,933)	39,072
1853 A	CONTROL CLERK	305	1	33,136	9,621	(2,016)	40,740
<u>TOTAL</u>			<u>19</u>	<u>677,824</u>	<u>192,591</u>	<u>(41,092)</u>	<u>829,380</u>

Printed: 03/18/93 13:42
 Page 1

Item 5 - File 101-92-46

Department Commission on the Status of Women

Item: Supplemental Appropriation Ordinance for professional services for the Commission on the Status of Women.

Amount: \$50,000

Source of Funds: General Fund Reserve established by the Board of Supervisors in the Fiscal Year 1992-93 Budget for the Commission on the Status of Women's - Domestic Violence Program.

Description: The Board of Supervisors appropriated \$250,000 in the 1992-93 budget for the Commission on the Status of Women for three domestic violence contracts, including the Asian Women's Shelter, La Casa De Las Madres and St. Vincent De Paul Society of San Francisco/Rosalie House. The \$250,000 represented 10 months funding rather than a full years funding for each of these three contracts. Additionally, the Board of Supervisors established a \$50,000 reserve for these three domestic violence contracts to provide for an additional two months funding for these three contracts in order to provide sufficient funds for the contracts for a full year.

The Commission on the Status of Women reports that the proposed \$50,000, which would appropriate the previously established Board of Supervisors reserve, would provide for the additional two months of funding for the three domestic violence contracts, as follows:

	10 Month <u>Contract</u>	2 Month Contract <u>Supplement</u>	Full Year <u>Total</u>
<u>Asian Women's Shelter</u>			
<u>Personnel</u>			
Salaries	\$57,344	\$11,400	\$68,744
Fringe Benefits	<u>10,322</u>	<u>2,060</u>	<u>12,382</u>
Subtotal - Personnel	\$67,666	\$13,460	\$81,126
 <u>Operating Expenses</u>			
Accounting and Audit Services	1,425	275	1,700
 Total - Asian Women's Shelter	<u>\$69,091</u>	<u>\$13,735</u>	<u>\$82,826</u>

Memo to Budget Committee
March 24, 1993

	10 Month <u>Contract</u>	2 Month Contract <u>Supplement</u>	Full Year <u>Total</u>
<u>La Casa De Las Madres</u>			
<u>Personnel</u>			
Salaries	\$63,492	\$12,700	\$76,192
Fringe Benefits	6,480	1,270	7,750
Payroll Tax	<u>4,608</u>	<u>846</u>	<u>5,454</u>
Subtotal - Personnel	\$74,580	\$14,816	\$89,396
<u>Operating Expenses</u>			
Insurance	\$20,341	\$4,318	\$24,659
Printing	4,380	889	5,269
Postage	3,000	572	3,572
Office Supplies	<u>2,700</u>	<u>571</u>	<u>3,271</u>
Subtotal - Operating Expenses	<u>\$30,421</u>	<u>\$6,350</u>	<u>\$36,771</u>
Total - La Casa De Las Madres	<u>\$105,001</u>	<u>\$21,166</u>	<u>\$126,167</u>
<u>St. Vincent De Paul/Rosalie House</u>			
<u>Personnel</u>			
Salaries	\$53,763	\$10,720	\$64,483
Fringe Benefits	<u>13,990</u>	<u>2,718</u>	<u>16,708</u>
Subtotal - Personnel	\$67,753	\$13,438	\$81,191
<u>Operating Expenses</u>			
Professional Services	\$7,440	\$1,510	\$8,950
Telephone	<u>715</u>	<u>151</u>	<u>866</u>
Subtotal - Operating Expenses	<u>\$8,155</u>	<u>\$1,661</u>	<u>\$9,816</u>
Total - St. Vincent de Paul/ Rosalie House	<u>\$75,908</u>	<u>\$15,099</u>	<u>\$91,007</u>
Total - Three Contractors	\$250,000	\$50,000	\$300,000

Comment:

The proposed funding, which is to be provided from the reserve established by the Board of Supervisors, was previously requested but denied in the Mayor's recommended 1992-93 budget. Therefore, in accordance with Charter Section 6.306, approval of the proposed supplemental appropriation ordinance requires a two-thirds vote by the Board of Supervisors.

Recommendation: Based on the prior action of the Board of Supervisors to establish the subject reserve, approve the proposed ordinance.

BOARD OF SUPERVISORS
BUDGET ANALYST

Item 6 - File 101-92-53

Department: Department of Social Services

Item: Supplemental Appropriation Ordinance appropriating \$132,491 to Department of Social Services for Other Contractual Services to implement a representative payee program for State Supplemental Income (SSI) clients; providing for ratification of action previously taken.

Amount: \$132,491

Source of Funds: General Fund Reserve for Representative Payee Program established by the Board of Supervisors in the 1992-93 budget.

Description: The proposed supplemental appropriation ordinance would appropriate funds for the Representative Payee Program which would provide representative payee services, housing assistance, and case management services for homeless State Supplemental Income (SSI) recipients who are referred by emergency shelters. Representative payee services include obtaining and maintaining sources of income, maximizing income potential and monitoring funds. Case management includes prevention of unnecessary hospitalization of clients, referrals to legal representation and assistance to clients in making a successful and smooth transition from homelessness to a stable living situation. Case management also includes coordination with local agencies and community resources to obtain the best possible services to clients.

The Representative Payee Program will target SSI recipients who are required by the Social Security Administration to have a representative payee as a condition of receiving benefits and SSI recipients who are currently residing in emergency shelters who might be stabilized in housing with the assistance of personal money management. Generally, this population includes persons with mental illness, physical disability, and substance abuse problems. The Department of Social Services would provide the representative payee services through a contract with a non-profit organization.

In December of 1992, the Department of Social Services sought proposals from organizations interested in contracting to provide representative payee and case management services to homeless adults receiving SSI. The Department of Social Services received five inquiries of which only one, the Conard House, submitted a proposal. The

Conard House met the requirements which the DSS sought. The requirements include the contractor's ability to provide representative payee and case management services, experience in working with persons with mental and physical disabilities, and persons with chronic substance abuse problems. The contractor must also have established systems to handle money management for a large client population.

The Department of Social Services also sought proposals from organizations interested in contracting to provide housing services to homeless adults receiving SSI. Three inquiries were received and only one, the Tenderloin House Clinic, submitted a proposal. The Tenderloin House Clinic met the criteria established by the Department of Social Services which include the ability to place low-income persons in housing, extensive experience working with persons with mental and physical disabilities and persons with chronic substance abuse problems. DSS also expects the contractor to have a rent payment system in place to handle a large client population.

Conard House

The Department of Social Services contracted with Conard House for a three and one-half month period from March 15, 1993 to June 30, 1993 to provide assessment, case management, community referrals, advocacy and vocational rehabilitation to homeless SSI recipients in San Francisco who are unable to sustain their housing and require assistance with money management, including, but not limited to, checks for rent, meals, and personal spending money for incidentals. The budget for the Conard House operation for the period from March 15 through June 30, 1993 is as follows:

	<u>FTE</u>	
<u>Personnel Costs</u>		
1 Program Director	0.29	\$9,000
6 Case Managers	1.75	19,104
1 Computer Operator	0.29	1,592
1 Secretary/Clerk	<u>0.29</u>	<u>1,417</u>
Fringe Benefits	2.62	<u>8,883</u>
Subtotal Personnel Costs		\$39,996

BOARD OF SUPERVISORS
BUDGET ANALYST

Operating Costs

Rent	\$9,350
Utilities	275
Office Supplies	1,341
Communications	816
Travel	140
Photocopy and Printing	70
Insurance	875
Equipment	8,300
Equipment/Building Maintenance	650
Miscellaneous	1,600
Administrative Overhead at 12%	7,609
Rehabilitation (See comment 1 below)	<u>51,000</u>

Subtotal Operating Costs \$82,026

Total Conard House \$122,022

Tenderloin House Clinic

The Department of Social Services contracted with the Tenderloin House Clinic (THC) for a two and a half month period from April 19, 1993 through June 30, 1993. The Tenderloin House Clinic will provide housing placement for the homeless receiving SSI. Conard House will work closely with the Tenderloin Housing Clinic (THC) for provision of housing placement services for the homeless receiving SSI by acting as payee on behalf of clients and by writing two checks per month for each client receiving housing placement service, one check for rent to THC and another check directly to the client for personal spending for incidentals.

The Tenderloin House Clinic will obtain permanent housing for homeless individuals on SSI who receive Representative Payee services from Conard House by negotiating with landlords of affordable housing at below-market rates and assure landlords of stable rent payments. The Tenderloin House Clinic's operating budget for the period from April 19 through June 30, 1993 is as follows:

<u>Personnel Cost</u>	<u>FTE</u>	
Intake Worker	0.160	\$2,880
Outreach Worker	0.200	3,150
System Coordinator	<u>0.025</u>	625
	0.385	
Fringe Benefits		<u>1,740</u>
Subtotal Personnel Cost		\$8,395

BOARD OF SUPERVISORS
BUDGET ANALYST

Operating Costs

Office Supplies	\$ 74
Equipment	<u>2,000</u>

Subtotal Operating Costs	\$ <u>2,074</u>
--------------------------	-----------------

Total Tenderloin House Clinic	<u>10,469</u>
-------------------------------	---------------

Total Proposed Supplemental Appropriation	\$132,491
---	-----------

No. of Persons
Served:

117

Comments:

1. Regarding the \$51,000 for Rehabilitation at Conard House, according to Ms. Maggie Donahue of DSS, Conard House does not have sufficient space in their existing facilities to house the Representative Payee Program. Therefore, Conard House has obtained a new facility at 154 Ninth Street which requires extensive renovation because it was previously a hotel bar. To date, two existing restrooms have been renovated to comply with the requirements of the Americans with Disabilities Act, and security, lighting and fire safety fixtures have been added. The cost of these improvements is \$51,000.

2. According to Ms. Donahue, although the contract with Conard House has a starting date of March 15, 1993, services will not actually be provided before April 1, 1993. Therefore, the proposed supplemental appropriation should be reduced by \$8,961 from \$132,491 to \$123,530 because of the delay in beginning the Conard House operations as follows:

	3/15/93- <u>6/30/93</u>	4/1/93- <u>6/30/93</u>	<u>Savings</u>
<u>Personnel Costs</u>			
Program Director	\$9,000	\$7,714	\$1,286
Case Managers	19,104	16,375	2,729
Computer Operator	1,592	1,365	227
Secretary/Clerk	1,417	1,215	202
Fringe Benefits	<u>8,883</u>	<u>7,614</u>	<u>1,269</u>
Subtotal Personnel Costs	\$39,996	\$34,283	\$5,713

BOARD OF SUPERVISORS
BUDGET ANALYST

Memo to Budget Committee
March 24, 1992

	3/15/93- 6/30/93	4/1/93- 6/30/93	Savings
<u>Operating Costs</u>			
Rent	\$9,350	\$8,014	\$1,336
Utilities	275	236	39
Office Supplies	1,341	1,149	192
Communications	816	699	117
Travel	140	120	20
Photocopy and Printing	70	60	10
Insurance	875	750	125
Equipment	8,300	8,300	0
Equipment/Building Maintenance	650	557	93
Miscellaneous	1,600	1,371	229
Administrative Overhead at 12%	7,609	6,522	1,087
Rehabilitation (See comment 1 below)	<u>51,000</u>	<u>51,000</u>	<u>0</u>
Subtotal Operating Costs	\$82,026	\$78,778	\$3,248
Total Conard House	\$122,022	\$113,061	\$8,961

Recommendation: Amend the proposed supplemental appropriation ordinance to reduce the requested funding by \$8,961 from \$132,491 to \$123,530 and approve the proposed supplemental appropriation ordinance as amended.

Item 7 - File 101-92-56

Department: Department of Public Health (DPH)

Item: Supplemental Appropriation Ordinance for permanent salaries, temporary salaries and related mandatory fringe benefits for the Department of Public Health.

Amount: \$250,000

Source of Funds: General Fund - AIDS Programs Reserve established by the Board of Supervisors in the Fiscal Year 1992-93 Budget for HIV-related primary care services.

Description: During the 1992-93 budget process, the Board of Supervisors established a \$1 million budgetary reserve for the DPH for HIV-related primary care services.

The DPH has 19 vacant positions which were authorized by the Board of Supervisors in the 1992-93 budget. However, the DPH does not have sufficient funding to fill these vacant positions. The DPH is now requesting that \$250,000, of the \$1 million reserve previously established by the Board of Supervisors during the 1992-93 budget process be appropriated to fill 17 permanent positions and two temporary positions on an as needed basis, in order to provide HIV-related services in the City's Health Centers. The DPH reports that the \$250,000 appropriation request is based on an estimated cost of \$220,702 for the 17 permanent positions being filled by March 15, 1993 and the balance of \$29,298 being used for the two as needed temporary positions.

However, based on the inquiries of the Budget Analyst, the DPH advises that the earliest date that the 17 permanent positions could be filled is April 19, 1993. The requested appropriation amount of \$250,000, as well as the actual amount now required, based on the 17 permanent positions being filled effective April 19, 1993, is shown as follows:

Memo to Budget Committee
March 24, 1993

<u>No. of</u> <u>Positions</u>	<u>Position Classifications</u>	<u>Requested</u> <u>Amount</u> <u>3/15/93 -</u> <u>6/30/93</u>	<u>Actual</u> <u>Amount</u> <u>Required</u> <u>4/19/93 -</u> <u>6/30-93</u>	<u>Difference</u>
<u>Permanent Salaries/Misc.</u>				
<u>Health Center #1</u>				
1	2230 Physician Specialist	\$13,175	\$8,952	\$4,223
1	2430 Medical Evaluation Asst.	7,869	5,347	2,522
1	2846 Nutritionist	11,912	8,094	3,818
1	2930 Psych Social Worker	14,524	9,869	4,655
<u>Health Center #2</u>				
1	2110 Medical Records Clerk	9,290	6,312	2,978
1	2920 Medical Social Worker	11,619	7,895	3,724
<u>Health Center #3</u>				
1	1424 Clerk Typist	\$8,206	\$5,576	\$2,630
<u>Health Center #5</u>				
1	1408 Principal Clerk	10,826	7,356	3,470
1	2110 Medical Records Clerk	7,432	5,050	2,382
1	2920 Medical Social Worker	7,262	4,934	2,328
<u>Potrero Hill Health Center</u>				
1	2110 Medical Records Clerk	7,432	5,050	2,382
1	2920 Medical Social Worker	11,619	7,895	3,724
<u>South East Health Center</u>				
1	2110 Medical Records Clerk	9,290	6,312	2,978
1	2920 Medical Social Worker	11,619	7,895	3,724
<u>Tom Waddell Center</u>				
1	2230 Physician Specialist	6,917	4,700	2,217
1	2903 Eligibility Worker	9,789	6,652	3,137
	Subtotal	158,781	107,889	50,892
	Fringe Benefits	<u>41,282</u>	<u>28,053</u>	<u>13,229</u>
<u>16</u>	Total Permanent Salaries/Misc.	\$200,063	\$135,942	\$64,121
<u>Permanent Salaries/Nurses</u>				
<u>Health Center #1</u>				
<u>1</u>	2320 Registered Nurse	\$16,380	\$11,130	\$5,250
	Fringe Benefits	<u>4,259</u>	<u>2,894</u>	<u>1,365</u>
	Total Permanent Salaries/Nurses	\$20,639	\$14,024	\$6,615

BOARD OF SUPERVISORS
BUDGET ANALYST

Memo to Budget Committee
March 24, 1993

No. of Positions	Position Classifications	Requested Amount 3/15/93 - 6/30/93	Actual Amount Required 4/19/93 - 6/30-93	Difference
<u>Temporary Salaries/Misc.</u>				
<u>Health Center #1</u>				
1	2230 Physician Specialist	\$13,833	\$13,833	0
	Fringe Benefits	<u>1,060</u>	<u>1,060</u>	<u>0</u>
	Total Temporary Salaries/Misc.	\$14,893	\$14,893	0
<u>Temporary Salaries/Nurses</u>				
<u>Tom Waddell Center</u>				
1	2320 Registered Nurse	\$13,380	\$13,380	0
	Fringe Benefits	<u>1,025</u>	<u>1,025</u>	<u>0</u>
<u>2</u>	Total Temporary Salaries/Nurses	\$14,405	\$14,405	0
Total Request		\$250,000	\$179,264	\$70,736

Comments:

1. The DPH reports that filling the 17 permanent positions as of April 19, 1993, and filling the two temporary positions on an as needed basis, is necessary in order to expand the capacity for accelerated HIV early intervention services at the primary care level, to meet the on-going need for these services.

2. Since the actual amount required to pay for the two as needed temporary positions, and the 17 permanent positions effective April 19, 1993, is \$179,264 or \$70,736 less than the requested \$250,000, the proposed ordinance should be amended to reflect a supplemental appropriation amount of \$179,264 instead of \$250,000.

Recommendations:

1. Amend the proposed ordinance to reduce the supplemental appropriation request by \$70,736 from \$250,000 to \$179,264.

2. Based on the prior action of the Board of Supervisors to establish the subject reserve, approve the proposed ordinance as amended.

BOARD OF SUPERVISORS
BUDGET ANALYST

Item 8 - File 207-93-7

Note: This item was continued at the March 10, 1993, Budget Committee meeting.

1. This item is a hearing to consider alleged abuse of the San Francisco Police Department's Contingent Fund.
2. Section 3.539 of the San Francisco Charter provides that the Board of Supervisors may appropriate an amount not to exceed \$50,000 in any one fiscal year to be known as the Contingent Fund of the Chief of Police. The Chief of Police may make disbursements from the Contingent Fund that in the Chief's judgment, shall be for the best interests of the City and County of San Francisco in the investigation and detection of crime. According to the Charter, such disbursements must be approved by the Police Commission. Once the \$50,000 has been appropriated by the Board of Supervisors, the individual expenditures are only approved by the Police Commission and not by the Board of Supervisors.
3. The City Controller requested his Audits Division to conduct a review of the recent department head departures at the San Francisco Police Department on March 31, 1992 and on May 14, 1992. The purpose of such a review is to ascertain that the Police Department took proper and adequate actions to safeguard the assets to which the department head had access. On October 27, 1992, the Audits Division released their report regarding the departures of the two former Chiefs of Police.
4. The Audits Division report included the following finding:

The Department does not always use the Contingent Fund consistent with the Charter's intent. Specifically, the Department has often used the Contingent Fund to pay for routine operational expenditures such as membership dues and office supplies, as well as for major purchases such as a fax machine and an automobile, each costing over \$7,000. Finally, the Department uses the Contingent Fund as a clearing account to pass through over \$1 million a year in expenses that were eventually refunded or paid by other agencies.
5. The Audits Division made a number of recommendations on the use of the Contingent Fund. The Audits Division recommended that the Police Department cease using the fund for routine operational expenditures, and pay only for emergency operational expenses. The Audits Division also recommended that the Police Department obtain clarification from the Board of Supervisors on how the Contingent Fund should be used, including guidance on expenditure priorities and limitations on the amount and type of expenditures allowable. The complete list of the Controller's Audits Division recommendations regarding the Contingent Fund, as they appear in the Audits Division report, is shown in the attachment.

6. Lieutenant Larry Ryan of the Police Department Fiscal Division indicates that numerous changes in policy and procedures regarding the Contingent Fund have been implemented since the Controller's Audits Division review was completed including the following:

- Funding for memberships in organizations has been requested in the Police Department's regular, annual budget for 1993-94 and appropriate legislation will be submitted to amend the San Francisco Administrative Code to include new organizations. Contingent Fund monies will no longer be used for memberships.
- A separate revolving fund is being requested to make advances for travel regarding out-of-state extraditions. The initial funding for such a revolving fund is included in the 1993-94 budget.
- The Contingent Fund will no longer be used as a clearing account.
- All costs of office materials and supplies are to be included in the department's regular, annual budget.
- The Contingent Fund will not be used for the purchase of vehicles. However, monies from the Contingent Fund will be used to rent vehicles that are to be used in undercover investigations when one of the department's regular cars might be too easily identified.
- The above changes in policy and procedures have been communicated to department staff through formal written memorandums. The Department intends to compile these changes in a written policy and procedures manual.

Comment

The Budget Committee may wish to consider adopting legislation to require that specific expenditures exceeding a certain dollar level should be subject to review and appropriation by the Board of Supervisors.

*Report by the Controller's Audits Division
San Francisco Police Department
October 27, 1992*

Recommendations

To ensure that the Department uses the Contingent Fund consistent with the Charter's intent, the Department should take the following actions:

- Cease using the Contingent Fund for routine operational expenditures. It should instead use established budget accounts or establish specific budget accounts for those expenditures which are currently not budgeted, and account for them on an annual basis.
- Obtain clarification from the Board of Supervisors on how the Contingent Fund should be used, requesting guidance on expenditure priorities and limitations on the amount and type of expenditures allowable.
- Adhere to Administrative Code requirements and list memberships in the Administrative Code and budget for them annually.
- Restrict using the Contingent Fund to pay advances for only emergency operational expenses. The Department should provide adequate documentation to substantiate the use of the Contingent Fund, and properly record the expenditures in the Controller's FAMIS. This would help ensure that the Department's expenditures are not understated in the City's accounting system.
- Establish procedures for making major purchases to ensure proper compliance with Purchaser requirements.
- Develop written guidelines for depositing and recording receivables, advance payments, and reimbursements. The Department should also establish procedures to deposit revenues directly to the City Treasurer's Office, including narcotic forfeiture funds and advance payments.
- Request the Board of Supervisors to approve establishing a separate fund exclusively for out-of-state extradition costs. An authorized amount of \$35,000 should be sufficient to cover these expenses.
- Request the Board of Supervisors for a policy to address the unused balances in the Contingent Fund. The Board's policy will determine whether the Department should close unused balances to the General Fund at fiscal year end or to carry forward those amounts to the next fiscal year.

Item 9 - 224-93-1

1. This item is a hearing to consider whether commercial properties, including One Market Plaza, have escaped reassessment on transfer of ownership, and the budget implications of escaped reassessments.

2. Mr. Stephen Dunbar of the Assessor's Office reports that the Assessor's Office has investigated a 1986 financial transaction between the Equitable Life Assurance Society of America and the IBM Employee Pension Fund, and has determined that, as a result of the transaction, ownership of the One Market Plaza building was transferred from the Equitable Life Assurance Society of America to the IBM Employee Pension Fund. Based on this finding, the Assessor's Office has re-assessed the value of the property and assessed approximately \$13 million in additional property taxes, reflecting the higher property value, for the years 1987 through 1992, as well as approximately \$3 million in interest on the unpaid property taxes. Mr. Dunbar also indicates that a Real Estate Transfer Tax of approximately \$1.7 million will be assessed as the result of the transaction. Therefore, the total additional taxes owed to the City as the result of the transfer is approximately \$17.7 million, according to Mr. Dunbar.

However, the IBM Employee Pension Fund and the Equitable Life Assurance Society of America dispute that such a transfer of the building occurred, and contend that the One Market Street Plaza building continues to be owned by Equitable. If the building was not transferred, then it cannot be reassessed at a higher property value, no transfer taxes can be imposed, and therefore no payment to the City for Real Estate Transfer Taxes and additional property taxes would be required.

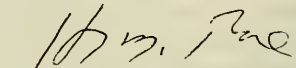
3. Mr. Claude Kolm, Deputy City Attorney, states that the City's position is that in 1986 there was a transfer of ownership of 81% of the partnership interest in the partnership that owns One Market Plaza, and that this resulted in a reassessment of 81% of One Market Plaza. In subsequent events, the remaining 19% of the partnership interests have also been transferred, resulting in further partial reassessments.

4. Mr. Kolm states that in 1986, Goldman, Sachs was hired by the IBM Pension Trust to negotiate a fair sales price for 90% of Equitable Life Assurance Society's interest in One Market Plaza, the partnership that owns the One Market Plaza real estate ensemble. (Equitable's interest in the One Market Plaza partnership was 90%, so what was at stake was 90% of a 90% partnership interest, or an 81% partnership interest.) Late in 1986, the IBM Pension Trust paid the negotiated amount and the 81 percent partnership interest at stake was transferred from Equitable's General Account to a separate account owned exclusively by IBM. (Pursuant to subsequent events, 99.5 percent of the partnership interest in One Market Plaza is now held in the separate account, and the remaining .5 percent is held directly by a subsidiary of the IBM Pension Trust.)

5. Mr. Kolm states that although Equitable remained the owner of record of assets in the separate account pursuant to New York State insurance law, in effect IBM assumed full risk for loss or gain associated with the 81% partnership interest in One Market Plaza and Equitable received only fees for certain duties. Mr. Kolm reports that under established California property law, the benefits and burdens of ownership had passed from Equitable to the IBM Pension Trust, and under Proposition 13 and implementing State legislation, this was a change in ownership triggering a reassessment for property tax purposes. According to Mr. Kolm, the IBM Pension Trust contends that because New York State insurance law deems Equitable the owner of the assets in the separate account, there was no change in ownership.

6. Mr. Kolm reports that attorneys for IBM and Equitable have indicated that they will contest the reassessment, and that if it is taken to the Supreme Court, it could take three to five years to receive a final decision in the matter.

7. On the overall subject of other San Francisco commercial properties having escaped reassessment based on the transfer of ownership of such properties, and the related budget implications, Mr. Dunbar is not aware at the present time of specific examples of such escaped assessments, except for the One Market Plaza dispute. However, Mr. Dunbar states that the Assessor's Office intends to use powers granted to it under the State Revenue and Taxation Code to investigate other financial transactions which could result in findings of escaped assessments for property taxes and real estate transfer taxes. If the Assessor's Office obtains evidence of any escaped assessments, it will refer such matters to the City's Attorney's Office. If such escaped reassessments have occurred, the sale or transfer of these properties should result in the imposition of higher Property Taxes based on the reassessment of the fair market value of the properties, as well as the imposition of Real Estate Transfer taxes.


Harvey M. Rose

cc: Supervisor Migden	Clerk of the Board
Supervisor Hsieh	Chief Administrative Officer
President Alioto	Controller
Supervisor Achtenberg	Teresa Serata
Supervisor Bierman	Barbara Kolesar
Supervisor Conroy	Ted Lakey
Supervisor Hallinan	
Supervisor Kaufman	
Supervisor Kennedy	
Supervisor Maher	
Supervisor Shelley	

CITY AND COUNTY



OF SAN FRANCISCO

BOARD OF SUPERVISORS

BUDGET ANALYST

1390 MARKET STREET, SUITE 1025

SAN FRANCISCO, CALIFORNIA 94102 • TELEPHONE (415) 554-7642

March 22, 1993

TO: Joint Budget/Government Efficiency and Labor Committee
FROM: Budget Analyst
SUBJECT: March 24, 1993 Joint Budget/Government Efficiency and Labor Committee Meeting

Item 1 - File No. 273-92-1

1. This item is a hearing to consider the extent and the amount of the City's use of personal services contracts.

Background

2. Under Section 6.1-3 of the Administrative Code, personal services are defined as, "all labor other than executive or managerial services or labor on public works and improvements." Therefore, any contract for the services of labor, except for labor related to public works and improvements, is a personal services contract.

3. Section 8.300 of the Charter requires that all positions in all City departments and offices, where the compensation is paid by the City and County, shall be included as employees under the Civil Service classification system.

In most cases¹, only two types of exceptions are possible from the Charter requirement that Civil Service employees must be used to perform services:

¹ Section 8.300 also lists other types of limited exceptions which are available for specific occupations, including attorneys, physicians, and art curators.

- (1) Upon certification by the Controller and approval by the Board of Supervisors, services may be performed under private contract if it is shown that the contractual services can be performed at less cost than similar services performed by City employees. This is termed a "Proposition J contract." (This exception appears under Charter Section 8.300-1.)
- (2) Upon approval by the Civil Service Commission, departments may retain "expert professional temporary services" which may be exempt from Civil Service requirements "for a specified period of said temporary service." (This exception appears under Charter Section 8.300(5).)

4. The approval of personal services contracts is significantly different for Proposition J contracts and contracts for "expert professional temporary services" under Charter Section 8.300(5). In particular, cost comparisons are required for Proposition J contracts, since Proposition J contracts can only be approved when the Controller certifies that the outside contractor can provide the same services at a lower cost than the services provided by Civil Service employees. However, cost comparisons are not required prior to approval of contracts for "expert professional temporary services" under Charter Section 8.300(5); rather, approval of proposed contracts under Section 8.300(5) is granted by the Civil Service Commission, which considers whether the proposed contractual services qualify as "expert professional temporary services." However, the Civil Service Commission does not require a cost comparison between independent contractors and City employees.

Since cost comparisons are currently required for Proposition J contracts, which can only be approved upon a finding of cost savings to the City by the Controller, this report will focus on the extent and amount of the City's use of personal services contracts which are approved by the Civil Service Commission as "expert professional temporary services" pursuant to Charter Section 8.300(5).

5. According to the Civil Service Commission, approximately 800 to 1,000 personal services contracts have been submitted for its approval in each of the last five fiscal years (the extent and amount of the City's use of personal services contracts is discussed in detail beginning at Comment 11, below). Mr. Arnie Sowell of the Controller's Office estimates that there are approximately 50 Proposition J contracts in effect at the present time.

Previous Analyses of Personal Services Contracts

6. The Budget Analyst has previously reported on the use of personal services contracts by the City pursuant to Charter Section 8.300(5).

In a report dated August 18, 1986 (File 259-86), the Budget Analyst identified 799 personal services contracts which were approved in fiscal year 1985-86 under Charter Section 8.300(5), with a total value of approximately \$121 million, and concluded that such contracts are "routinely being approved without sufficient analysis of relevant costs." In addition, the report noted that, "the most obvious end result of this practice is increased reliance on contractors for provision of City services," and that "this may or may not be appropriate, depending on the availability of civil service employees, the scope of proposed work, and costs -- all of which can only be obtained by an analysis of each proposed contract." The report also included recommendations for enhanced oversight of these personal services contracts, as discussed below (see Comment 17).

In an April 27, 1988 report to the Finance Committee (File 100-88-2), the Budget Analyst analyzed a proposed resolution, subsequently adopted by the Board of Supervisors, which sought to enhance the City's oversight of personal services contracts.

The resolution (No. 309-88) urged the Mayor and the Chief Administrative Officer to request all boards, commissions, and departments to award personal services contracts, "only to the extent lawful under the Charter for expert professional temporary services, unless the Controller determines that such services can be practically performed under private contract at lower cost to the City, and the Board of Supervisors approves such a determination."

The resolution also urged the Mayor and the CAO to request that departments identify and evaluate existing contracts, justify the reason for contracting out, compare "in-house alternatives," prepare a summary of the findings, and report in writing to the Board of Supervisors by August 31, 1988. (The Clerk of the Board of Supervisors is currently locating File 100-88-2 to determine the nature of the departments' response.)

In a November, 1992 report concerning personal services contracts of a planning, design, or environmental review nature, the Budget Analyst found that the City lacks meaningful oversight of the scope of non-Proposition J personal services contracts and the relative costs and benefits of using City employees or outside consultants. The report noted that, "the Civil Service Commission is required to approve departments' use of non-Proposition J personal service contracts in lieu of Civil Service employees. However, proposed personal services contracts submitted by departments are almost always approved by the Civil Service Commission. The Civil Service Commission is not required to review proposed personal services contracts for cost effectiveness nor to evaluate the underlying need for the proposed services."

The report noted that the average hourly rates for planning consultants ranged from \$59.69 to \$83.67 per hour, compared to the average hourly rate of Department of City Planning staff of \$59.14 (a difference of 1 percent to 42 percent more for outside consultants).

Most recently, in a March, 1993 management audit of the San Francisco Clean Water Enterprise, the Budget Analyst noted that the Bureau of Water Pollution Control of the Department of Public Works has contracted for six full-time instrumentation control technicians at hourly rates which are approximately 35 percent higher than the hourly salary and fringe benefit costs of comparable Civil Service employees. The Budget Analyst estimated that DPW could save approximately \$245,000 annually by discontinuing its use of these contractual services.

Approval of Personal Services Contracts Under Charter Section 8.300(5)

7. As noted previously, if personal services contracts cannot be approved on the basis of lower cost through a Proposition J certification, they may be approved as "expert temporary professional services" by the Civil Service Commission. The purpose of the Civil Service Commission's review of proposed contracts is to determine whether appropriate Civil Service classifications exist or, if they do not exist, whether they could be created to perform the services.

8. According to the Civil Service Commission's instructions and procedures for requesting approval of personal services contracts, the following criteria are used to determine if a proposed contract should be approved:

(1) If no classifications currently exist which could perform the services, approval may be granted if the services are "short-term and non-repetitive" or "so specialized and unique that they could not be appropriately performed by City personnel; in such cases, the Civil Service Commission indicates that "establishing a new classification may not be practical."

(2) "In instances where there are existing classes, other factors can be considered," according to the Civil Service Commission. Such factors include:

- Situations where the services are immediately needed;
- Services which are needed for short-term projects, particularly projects requiring diverse skill and expertise;
- Specialized services required on an as-needed, intermittent or periodic basis, making the employment of Civil Service personnel impractical;
- Emergency situations;
- Situations where contractual services are legally mandated;

- Situations where the City lacks required equipment or facilities.

9. In summary, if approval for a proposed personal services contract is not obtained under Charter Section 8.300-1 (Proposition J) based on a certification of cost savings to the City, and if Civil Service classifications exist which could perform the services, then one of the exceptions listed above must be found to apply in order for the contract to be approved, according to the Civil Service Commission. A copy of the Information Summary Form which is used by the Civil Service Commission to evaluate proposed personal services contracts is attached to this report.

10. Mr. Buck Delventhal of the City Attorney's Office has advised the Budget Analyst that the Charter's requirements concerning the use of Civil Service positions should not be interpreted so literally as to unduly limit the City's flexibility in determining how it should deliver services, particularly services that require unique problem-solving approaches. Mr. Delventhal states that the requirements of the Charter for the use of Civil Service positions reflect a "gray area" of the law and are subject to considerable interpretation by the Courts. However, Mr. Delventhal observes that the intent of Charter Section 8.300 is to insure that the "nuts and bolts" of City business are performed by City employees who are selected, compensated, promoted, and removed on the basis of merit. According to Mr. Delventhal, California Supreme Court interpretations of State laws, which contain similar provisions requiring the use of Civil Service employees, have recognized that Civil Service requirements are not intended to prevent a public employer from developing innovative approaches and new ways of doing business. Mr. Delventhal also observes that the Civil Service requirements of the Charter were enacted to prevent political patronage and corruption in public employment, and that the City's use of non-proposition J personal services contracts, if they are awarded on a competitive (Request for Proposal) basis, is not inconsistent with the original purpose of the Charter's Civil Service requirements.

The Extent and Amount of Personal Services Contracts

11. Several of the Budget Analyst reports cited above (see Comment 6) were conducted in response to concerns, especially from employee organizations, that the City relies on non-Proposition J personal services contracts to obtain services which are not intermittent, periodic, or short-term in nature, or which do not require specialized skills and expertise.

The Budget Analyst's report of August 18, 1986 reflects that, at least at that time, personal services contracts were routinely being renewed. Based on a sample of personal services contracts, the Budget Analyst found that 59 percent of the contracts for which expenditures were made in 1985-86 had existed four years previously (1981-82), while 66 percent had existed three years earlier (1982-83), and 76 percent had existed two years previously (1981-82). The Budget Analyst concluded at that time that "the use of personal services contracts has become a de facto method of employment in the City."

BOARD OF SUPERVISORS
BUDGET ANALYST

The report did not address the specific nature of the services which were provided under the personal services contracts which were "routinely renewed."

12. Most proposed personal services contracts which are submitted to the Civil Service Commission are, in fact, approved. As reported by the Civil Service Commission to the Budget Analyst in November, 1992,² only 15 to 20 proposed personal service contracts, representing approximately 2 percent of all proposed contracts submitted, are not approved on an annual basis. The Civil Service Commission reported that 977 proposed personal services contracts were submitted for its approval in 1991-92.

13. Based on guidance provided by Mr. Harold Guetersloh of the Controller's Office concerning the budget categories most likely to include the majority of the City's non-Proposition J personal services contracts³, the Budget Analyst estimates that the City's total actual expenditures in 1991-92 for non-Proposition J personal services contracts was approximately \$271 million. Of this amount, approximately \$165.5 million, or 61 percent, was expended for medical services contracts awarded by the Department of Public Health, San Francisco General Hospital, and Laguna Honda Hospital. The \$271 million total also includes \$22.1 million in Community Development Block Grant (CDBG) funds awarded for professional services by the Mayor's Office and \$35.3 million for contracts awarded by the Department of Public Works. Therefore, the City's total expenditures for medical services, public works, and CDBG contracts in 1991-92 was approximately \$222.9 million, or 82 percent of the \$271 million in the City's estimated expenditures for personal services contracts in 1991-92.

Of the \$271 million estimated total expenditures for personal services contracts in 1991-92, the General Fund contributed approximately \$150.6 million, of which \$133.6 million was expended for medical services contracts. Thus, the net General Fund expenditures in 1991-92 for personal services contracts other than medical services was approximately \$17 million, which represents approximately 6 percent of the City's estimated \$271 million total expenditures for personal services contracts in 1991-92.

As noted above, these estimates are based on the Controller's advice concerning the budget categories most likely to include the majority of the City's personal services contracts. However, Mr. Guetersloh advises that some personal services contracts have undoubtedly been budgeted in categories other than those which he identified, and which are not included in estimates presented above.

² "A Review of Personal Services Contracts of a Planning, Design, or Environmental Review Nature," November, 1992.

³ According to Mr. Guetersloh, these categories primarily reflect the City's expenditures for legal, architectural, and engineering services; medical services; and data and word processing services.

14. The City's 1992-93 budget includes \$399 million for expenditures described in the budget as "contractual services," which includes all expenditures for services which are provided under contract, including Proposition J and non-Proposition J contracts, for services as diverse as medical services, jail overcrowding expenses incurred by the Sheriff's Department, and funding for the San Francisco Unified School District's school sports programs. However, this budget category also includes City expenditures for travel, use of employee cars, memberships, and sewer and telephone charges, among others. Of the \$399 million total budgeted for "contractual services" in 1992-93, \$182.9 million, or approximately 46 percent, represents General Fund allocations.

As noted above, based on actual expenditures in 1991-92, non-medical personal services contracts represent only a small percentage of the City's total expenditures for contractual services. Nonetheless, the Budget Analyst estimates that the City expends at least \$17 million annually for such services.

Enhanced Oversight of Personal Services Contracts

15. The Purchaser has developed guidelines for the use of personal services contracts by City departments; however, compliance with the guidelines is not mandatory. In addition, since the Purchaser's guidelines are advisory, and do not recommend detailed cost comparisons between City employees and independent contractors, it is not certain that the guidelines are sufficient to ensure the most appropriate use of personal services contracts.

However, the Purchaser's guidelines reflect the potential advantages and disadvantages of using personal services contracts to obtain services. Among the advantages of personal services contracts which are cited by the Purchaser are the specialized skills and expertise and the broad experience of a professional consultant, as well as unique insights or innovative approaches which a consultant can provide. Among the disadvantages cited are the potential "lack of usable results," the use of "pre-packaged solutions," and the provision of "textbook approaches or unrealistic solutions" by independent contractors.

The Budget Analyst believes that the criteria developed by the Civil Service Commission (as discussed at Comment 8, above) and the Purchaser's guidelines should be applied more systematically in order to evaluate departments' justifications for proposed personal service contracts, and that these existing guidelines should be augmented with detailed analysis of the costs of proposed personal services contracts relative to the benefits to the City which are expected to be obtained.

16. Section 7.100 of the Charter (which concerns purchases of material, supplies, equipment, and services), states that "all agreements for contractual services in excess of \$50,000 shall require the signature of the Chief Administrative Officer in addition to the signature of the Purchaser of supplies." Representatives of the CAO's Office have previously reported to the Budget

Analyst⁴ that the CAO's Office does not evaluate the scope of a contract to determine if the nature, level or cost of proposed services is appropriate, and would require additional staff in order to undertake such duties. In addition, the Budget Analyst notes that the CAO is charged with specific oversight of a number of City agencies and projects, including the Department of Public Works, which employ the services of outside consultants, and may not be sufficiently independent from the operation of these agencies to be charged with the oversight for the use of personal services contracts.

17. Neither the Charter nor the Administrative Code contain provisions for the approval of non-Proposition J personal services contracts by the Board of Supervisors. However, the appropriation of funds for personal services contracts is subject to the approval of the Board of Supervisors, either through the Board of Supervisors annual review of the Mayor's recommended budget or through supplemental appropriation requests.

18. In our report dated August 18, 1986, the Budget Analyst recommended that "oversight [of personal services contracts] could be specifically adapted to the budget development and review process." Although line item explanations were and continue to be required for contractual services requested by the departments, the Budget Analyst noted in 1986 that other major budget categories, including the labor costs of City employees and departmental equipment purchases, received substantially more budgetary review.

The Budget Analyst believes that departments should be required to compare the cost of proposed personal services contracts with the cost of Civil Service employees before expenditures for non-Proposition J personal services contracts are authorized. Only in this way can the City estimate the actual costs it incurs for the "expert professional temporary services" which are exempted from the certification requirements of Proposition J.

19. A difficulty in making direct cost comparisons between consultants and City employees, and approving or disapproving requests for personal services contracts during the Board of Supervisors annual budgetary review, is that Requests for Proposal often are not developed, and consultants are not selected, until after funds for these services are appropriated by the Board of Supervisors. Without receiving formal proposals which describe the scope of services offered by a consultant, there is no basis on which to compare the cost of consultants and Civil Service employees.

⁴ Ibid.

20. The Budget Analyst therefore recommends a two-step process in which the Board of Supervisors reviews departmental requests for non-Proposition J personal services contracts, but reserves any funds which are appropriated for these services until (1) approval has been granted by the Civil Service Commission and, (2) the cost of the consultant's services is compared to the cost of similar services provided by Civil Service employees.

21. The Budget Analyst further believes that the Proposition J certification procedure is the most appropriate contracting procedure for services which can be provided at less cost by outside consultants, and departments should employ the Proposition J contracting procedure whenever cost savings can be shown.

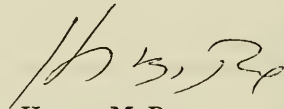
However, the City may wish to review the certification procedures which are used for Proposition J contracts, to ensure that they incorporate all the relevant costs of City employees and private consultants. For instance, the City may incur costs for monitoring contracts after they are awarded, which increases the cost to the City of using an outside consultant. To the extent that such contract monitoring costs exceed the City's costs of supervising employees who perform similar services, contract monitoring costs may be relevant to Proposition J certifications by the Controller.

22. The non-Proposition J contracts which would be subject to the review and appropriation process recommended at Comment 19 above are currently authorized as "expert professional temporary services" by the Civil Service Commission and currently require no analysis of relative costs. Because these contracts are not subject to Proposition J certification requirements, funds for these contracts should only be appropriated upon a showing by the departments of the specific benefits to the City which would result from each proposed non-Proposition J personal services contract. Further, by requiring a cost comparison between such contracts and the services of Civil Service employees before funds for the contract are released, the City can evaluate whether the benefits of the consultant would justify a higher cost of the proposed personal services contract, relative to Civil Service personnel.

23. The Budget Analyst notes that the Board of Supervisors may also choose to evaluate proposed non-Proposition J personal services contracts using the following criteria:

- Whether the contract is new or is being extended;
- The total dollar value of the contract, with particular attention to those over a specified dollar amount;
- Those which reflect services which may be needed indefinitely.

24. The Board of Supervisors may also wish to request information from the Mayor, City department heads, the Civil Service Commission, and employee organizations concerning potential changes in the Civil Service system which would facilitate the use of Civil Service positions, including temporary positions, in lieu of personal services contracts.



Harvey M. Rose

cc: Supervisor Migden
Supervisor Hallinan
Supervisor Hsieh
Supervisor Kaufman
President Alioto
Supervisor Bierman
Supervisor Achtenberg
Supervisor Conroy
Supervisor Kennedy
Supervisor Maher
Supervisor Shelley
Clerk of the Board
Chief Administrative Officer
Controller
Teresa Serata
Barbara Kolesar
Ted Lakey

DEPT. REQUESTING SERVICES: _____ Date _____

NAME OF CONTRACTOR: _____

COST OF CONTRACT: _____ Beginning _____ Ending _____
Date: _____ Date: _____

FUNDING SOURCE: (non-numerical description, i.e., state grant) _____

I. DESCRIPTION OF WORK

A. Concise description of proposed work:

B. Quantitative measurement of services or deliverables:

C. Explain why this service is necessary and the consequence of denial:

D. Explain how this service has been provided in the past (if this service was previously approved by the Civil Service Commission, indicate most recent PSC approval number):

E. Will this contract be renewed?

II. UNION NOTIFICATION

Copy of this summary is to be sent to the union(s) as appropriate (refer to instructions for specific procedure):

☐ Local 790 _____ (signature of person mailing form) _____ (date of mailing)

☐ _____ (union name) _____ (signature of person mailing form) _____ (date of mailing)

FOR CIVIL SERVICE COMMISSION USE

PSC# _____

STAFF ANALYSIS/RECOMMENDATION:

A. Specify skills and/or expertise:

B. What, if any, Civil Service class(es) normally perform this work?

C. Will contractor provide facilities and/or equipment not currently possessed by the City? If yes, explain:

D. Specify contractor's qualifications (do not attach resumes - summarize contractor's qualifications):

IV. WHY CLASSIFIED CIVIL SERVICE CANNOT PERFORM

A. Explain why Civil Service classifications are not applicable:

B. Would it be practical to adopt new civil service classifications to perform this work? Explain.

V. ADDITIONAL INFORMATION (if yes, attach explanation)

A. Will the contractor directly supervise City and County employees?

B. Is the contractor or any employee of the contractor a current employee of the City & County of San Francisco? Has the contractor or any employee of the contractor been employed by the City and County within the past year?

C. Is the contractor or any employee of the contractor receiving City and County retirement?

D. Will the contractor train City and County employees?

- Describe training and indicate approximate number of hours.
- Indicate occupational type of City & County employees to receive training (i.e., clerks, civil engineers, etc.) and approximate number to be trained.

E. Are there any special conditions of the funding source?

THE ABOVE INFORMATION IS SUBMITTED AS COMPLETE AND ACCURATE ON BEHALF OF THE
DEPARTMENT HEAD:

Signature of Departmental Contract Coordinator

Print or type name

Telephone

CALENDAR - Actions Taken

MEETING OF
BUDGET COMMITTEE
BOARD OF SUPERVISORS
CITY AND COUNTY OF SAN FRANCISCO

WEDNESDAY, MARCH 31, 1993 - 2:00 P.M.

ROOM 228, CITY HALL

PRESENT: SUPERVISORS MIGDEN, HSIEH, ALIOTO

ABSENT: SUPERVISOR ALIOTO - ITEMS 1, 2, 10, 12, 14 - 16

CLERK: KAY GULBENGAY

DOCUMENTS DEPT.

APR - 2 1993

SAN FRANCISCO
PUBLIC LIBRARY

NOTE: Copies of the Budget Analyst's Report will be available for review on the counter in the Office of the Clerk of the Board, Room 235, City Hall, 10:00 a.m., the date of the meeting.

CONSENT CALENDAR

1. All matters listed hereunder constitute a Consent Calendar, are considered to be routine by the Budget Committee, and will be acted upon by a single roll call vote of the Committee. There will be no separate discussion of these items unless a member of the Committee or a member of the public so requests, in which event the matter shall be removed from the Consent Calendar and considered as a separate item.

- (a) File 100-91-1.31. [Release of Funds] Requesting release of reserved funds, Recreation & Park Department, in the amount of \$50,000, for incurred expenses for two playoff games in January 1993. Recreation & Park Department)
(Continued from 3/17/93)

ACTION: Release of \$50,000 recommended. Filed.

- (b) File 101-91-71.1. [Release of Funds] Requesting release of reserved funds, Department of Public Health, Emergency Medical Services Fund, in the amount of \$280,000, for the installation of hospital diversion and emergency communications software and hardware. (Department of Public Health)

ACTION: Release of \$263,005 recommended. Filed.

- (c) File 101-92-33.1. [Release of Funds] Requesting release of reserved funds, Fire Department - 1986 Fire Protection System Improvement Bonds, Series 1991B, in the amount of \$49,600, for a geotechnical study at Pier 22 1/2 (Fireboat Headquarters). (Also see File 101-92-33, Ordinance 64-93) (Fire Department)

ACTION: Release of \$49,600 recommended. Filed.

- (d) File 101-92-12.1. [Release of Funds] Requesting release of funds of reserved funds, Superior Court, in an amount totalling \$200,000 for the development of a new civil courthouse on the corner of Polk and McAllister Streets (\$50,000, Department of Public Health-Bureau of Toxics and \$150,000, joint venture of Ross, Drulis Architects in association with Hood Miller Associates). (Chief Administrative Officer)

ACTION: Hearing held. Release of \$200,000 recommended. Filed.

REGULAR CALENDAR

2. File 127-93-1. [Stadium Operator Admission Tax] Ordinance amending Part III, Municipal Code, by amending Sections 802 and 807 to eliminate the expiration of the exemption from admissions tax for tickets sold at \$12.99 or less, raising the maximum ticket price qualifying for exemption from \$12.99 to \$25.01 and increasing the rate of the stadium admission tax from 50 cents to \$1.50. (Supervisor Alioto)
(Continued from 3/17/93)

ACTION: Hearing held. Continued to the call of the chair at request of sponsor.

3. File 101-92-48. [Government Funding] Ordinance appropriating \$373,000 for temporary salaries, overtime, mandatory fringe benefits, vehicle rental and materials and supplies, Department of Parking and Traffic for fiscal year 1992-93. (Supervisor Migden)

ACTION: Hearing held. Recommended. (Supervisor Hsieh excused from voting due to conflict of interest.)
(Supervisor Alioto added as co-sponsor.)

4. File 101-92-49. [Government Funding] Ordinance appropriating \$2,500,000 for claims and judgement, Municipal Railway for fiscal year 1992-93. (Supervisor Migden)

ACTION: Hearing held. Recommended. (Supervisor Alioto added as co-sponsor.)

5. File 101-92-50. [Government Funding] Ordinance appropriating \$3,235,100 for permanent salaries – miscellaneous, permanent salaries – uniform, premium pay – uniform, differential pay, overtime – uniform and mandatory fringe benefits and rescinding \$850,000 from other fringe benefits, Police Department for fiscal year 1992-93; subject of previous budgetary denial. (Supervisor Migden)

ACTION: Hearing held. Recommended. (Supervisor Alioto added as co-sponsor.)

6. File 101-92-51. [Government Funding] Ordinance appropriating \$255,000 for permanent salaries – miscellaneous, premium pay – miscellaneous and related mandatory fringe benefits, for the creation of (10) ten positions, Police Department for fiscal year 1992-93; providing for ratification of action previously taken. (Companion measure to 102-92-14) (Supervisor Conroy)

ACTION: Hearing held. Recommended. (Supervisor Alioto added as co-sponsor.)

7. File 102-92-14. [Public Employment] Ordinance amending Annual Salary Ordinance, 1992-93, Police Department, reflecting the addition of sixteen positions (Classifications 8238 Police Communications Dispatcher (13) and 8239 Senior Police Communications Dispatcher (3). (Civil Service Commission)

ACTION: Hearing held. Amended on page 1 line 2 (in title) by replacing "sixteen" with "ten"; on line 13 by replacing "13" with "7".

New Title: "Amending Annual Salary Ordinance, 1992-93, Police Department, reflecting the addition of ten positions."

Recommended as amended.

8. File 101-92-52. [Government Funding] Ordinance appropriating \$27,901 for permanent salaries – miscellaneous and related mandatory fringe benefits, Police Department for fiscal year 1992-93; providing for ratification of action previously taken. (Supervisor Migden)

ACTION: Hearing held. Amended on page 1 line 3 by deleting "providing for ratification of action previously taken."

New Title: "Appropriating \$27,901 for permanent salaries – miscellaneous and related mandatory fringe benefits, Police Department for fiscal year 1992-93."

Recommended as amended. (Supervisor Alioto added as co-sponsor.)

9. File 101-92-54. [Government Funding] Ordinance appropriating \$750,000 for materials and supplies, Sheriff Department fiscal year 1992-93. (Supervisor Migden)

ACTION: Hearing held. Recommended.

10. File 45-93-12. [Settlement of Litigation] Ordinance authorizing settlement of litigation of William Besk, et al, against the City and County of San Francisco, et al, according to the terms and conditions of the stipulation of dismissal. (City Attorney)
(Committee may consider this item in Closed Session)

ACTION: Hearing held. Continued to April 7, 1993 meeting.

11. File 101-92-55. [Government Funding] Ordinance appropriating \$692,702 for overtime, Sheriff Department fiscal year 1992-93. (Supervisor Migden)

ACTION: Hearing held. Amended on page 1 lines 1, (in title) 11, and 13 by replacing "692,864" with "\$690,864."

New Title: "Appropriating \$690,864 for overtime, Sheriff Department fiscal year 1992-93."

Recommended as amended. (Supervisor Alioto added as co-sponsor.)

12. File 101-92-57. [Government Funding] Ordinance appropriating \$500,000, Chief Administrative Officer, program project budget (fire benefit assessment district project); placing \$60,042 on reserve. (Supervisor Migden)

ACTION: Hearing held. Continued to April 7, 1993 meeting at the request of sponsor.

(Supervisor Alioto added as co-sponsor.)

13. File 97-93-12. [Revolving Fund for Reimbursable Travel Expenses] Ordinance amending Administrative Code by adding Section 10-169-9 thereto, establishing a revolving fund of \$60,000 for reimbursable police travel expenses. (Police Commission)

ACTION: Hearing held. Recommended. (Supervisor Alioto added as co-sponsor.)

14. File 161-92-5.2. [Budget, 1992-93] Resolution approving an amendment to the budget of the Redevelopment Agency for fiscal year 1992-93 to establish a category of expenditure in the amount of \$975,000 for the Federal Office Building Project. (Supervisor Hsieh)

ACTION: Hearing held. Amended on page line 18 after "that" by inserting "Bayside Village developer's fees will pay for"; on page 2 line 6 by replacing "by Resolution NO. 513-92 on June 22, 1992" with "as amended by Resolution No. 652-92 on July 27, 1992". Bearing same title.

Recommended as amended.

15. File 161-93-1. [Redevelopment Survey Area] Resolution designating and describing a Redevelopment Survey Area within the City and County of San Francisco pursuant to the California Community Redevelopment Law (10th and Market Streets, proposed new Federal office building site). (Supervisor Migden)

Transferred from Housing and Land Use Committee (3/18/93) – Fiscal Impact

ACTION: Hearing held. Recommended. (Supervisor Hsieh added as co-sponsor.)

16. File 100-92-12.1. Hearing to consider report by Mayor and Controller updating the 1992-93 fiscal year budget status including the projected shortfall of revenue from property taxes and business taxes. (Supervisor Migden)

ACTION: Hearing held. Continued to April 7, 1993 meeting.

CITY AND COUNTY



OF SAN FRANCISCO

BOARD OF SUPERVISORS

BUDGET ANALYST

1390 MARKET STREET, SUITE 1025

SAN FRANCISCO, CALIFORNIA 94102 • TELEPHONE (415) 554-7642

DOCUMENTS DEPT.

MAR 31 1993

SAN FRANCISCO
PUBLIC LIBRARY

March 29, 1993

TO: Budget Committee
FROM: Budget Analyst *Recommendations*
SUBJECT: March 31, 1993 Budget Committee Meeting

Item 1a - File 100-91-1.31

Note: This item was continued at the March 17, 1993, Budget Committee meeting.

Department: Recreation and Park Department (Rec/Park)

Item: Requesting release of reserved funds

Amount: \$50,000

Description: During the FY 1991-92 budget deliberations, the Finance Committee placed six items on reserve in the Recreation and Park Department's budget. Included in those six reserved items is a programmatic project in the sum of \$50,000 to fund potential playoff games or other special events.

At this time, the Recreation and Park Department is requesting the release of \$50,000 to fund expenses resulting from work performed on the Candlestick Park Stadium playing field in preparation for the final two games of the regular National Football League (NFL) season in December of 1992 and the ensuing playoff games, which were held in the Stadium during January of 1993.

Comments:

1. Mr. Jim Delfino of Rec/Park reports that, as a result of heavy rainfall in November and early December of 1992, Rec/Park undertook the task of resodding the playing field at Candlestick Park Stadium. The work commenced on December 7, 1992, following the football game with the Miami Dolphins and was completed prior to the December 19 contest with the Tampa Bay Buccaneers. The costs for the work performed, as provided by the Department, involved a total of \$64,814 for turf management and field painting and a total of \$59,864 for janitorial and window cleaning services for the Dolphin and Buccaneer games, as follows:

Turf Management and Field Painting:

23,000 sq. ft. turf @ \$.50 /sq.ft.	\$11,500
19 Enka Mat ¹ rolls @ \$670 per roll	12,730
Surface top dressing	4,400
180 gallons of paint @ \$23/Gallon	4,140
8.25% Tax	<u>2,704</u>
Subtotal	35,474
Overtime Pay	<u>29,340</u>
Subtotal	<u>\$64,814</u>

Janitorial and Window Cleaning Services

Janitorial Service @ \$27,032/ Game for 2 games	\$54,064
Window Cleaning @ \$2,900/Game for 2 games	<u>5,800</u>
Subtotal	\$59,864

Grand Total	<u>\$124,678</u>
-------------	------------------

2. As shown above, the total cost of the work performed at Candlestick Park Stadium that commenced on December 7, 1992, and was completed prior to December 19, 1992, in preparation for the final two regular season games was \$124,678. Ms. Etai Chen of the Recreation and Park Department reports that the Rec/Park plans to fund the \$74,678 that was expended in excess of this request for release of reserved funds (\$124,678 minus \$50,000) from surplus funds within the Department's current FY 1992-93 Candlestick Operating Budget.

¹Enka Mat is a plastic weave material that is attached to the playing field and which acts as an anchor for the turf. Turf is emplaced on the Enka Mat.

3. Mr. Delfino further reports that as a result of subsequent heavy rainfall in December of 1992 and January of 1993, NFL officials requested in early January of 1993 that the Candlestick Stadium playing field be resodded in preparation for the January 17 football game with the Dallas Cowboys. That resodding work commenced on January 11, 1993, and was completed in time for the January 17 game. According to Mr. Delfino, costs in the amount of approximately \$73,000 for this second field resodding are being paid for by the NFL.

Recommendation: Approve the requested release of reserved funds in the amount of \$50,000.

Item 1b - File 101-91-71.1

Department: Department of Public Health (DPH)

Item: Release of reserved funds from the Emergency Medical Services Fund for the installation of hospital diversion and emergency communications software and hardware.

Amount: \$280,000

Source of Funds: Emergency Medical Services Fund from State revenues as authorized by SB 12.

Description: The Board of Supervisors previously approved a supplemental appropriation in the amount of \$943,616 (File 101-91-71) from the Emergency Medical Services (EMS) Fund which included \$280,000 for the Hospital Communications Project. The \$280,000 budgeted for the project was reserved pending EIPSC approval, the MBE/WBE status of the contractors and finalized contract cost details.

San Francisco does not have a centralized emergency communications system that links all 19 emergency medical facilities in the City and County. Attachment 1 contains a listing of the 19 emergency medical facilities in the City and County of San Francisco. This lack of a centralized communications system has resulted in the inefficient diversion of ambulances to various emergency medical facilities because all emergency medical facilities within San Francisco are unable to effectively communicate with each other. The \$280,000 reserved for the Hospital Communications Project would be used to install a computerized emergency communications system that links all 19 emergency medical facilities within the City and County of San Francisco. The primary purposes of the proposed communications network are to provide a communications system for determining a hospital's availability to receive emergency cases and provide a high volume failure-resistant communications system to be used in the event of a major natural disaster.

The Electronic Information Processing Steering Committee (EIPSC) has approved the computerized Hospital Communications Project system. Ms. Deborah Vincent-James of EIPSC indicates that although a total of \$280,000 was reserved for this project, only \$263,005 is required for this project.

BOARD OF SUPERVISORS
BUDGET ANALYST

Computerized Hospital Online Resource Allocation Link Software, Inc. (CHORAL) has been selected on a sole source basis as the contractor to provide the communications system because it has the resources to provide, install and test a computer system that is compatible with all other systems currently in operation in all the emergency medical facilities in San Francisco. CHORAL is neither an MBE nor a WBE firm. CHORAL will purchase, install, and test the emergency communication system. The CHORAL contract to provide a communications system for 19 emergency medical facilities is as follows:

Computer Components

Hardware	\$61,510
Software	<u>99,000</u>

Total Computer Components	\$160,510
---------------------------	-----------

<u>Radio Transmitters and Receivers</u>	97,080
---	--------

<u>FCC License</u>	<u>5,415</u>
--------------------	--------------

Total Emergency Communications System Cost	\$263,005
--	-----------

Comment: As noted above, although \$280,000 was reserved, only \$263,005 is required for the project. Therefore, \$16,995 should remain on reserve.

Recommendation: Reduce the requested release of reserved funds by \$16,995 from \$280,000 to \$263,005. Continue to reserve the remaining \$16,995.

A. Hospital Emergency Departments and Related Facilities

1. California-Pacific Medical Center--California Campus
2. California-Pacific Medical Center--Pacific Campus
3. Chinese Hospital
4. Davies Medical Center
5. Kaiser-Permanente Medical Center--San Francisco
6. Mount Zion Medical Center
7. St. Francis'
8. St. Luke's
9. St. Mary's
10. U.C.S.F Medical Center
11. Veteran's Administration Hospital
12. Irwin Memorial Blood Bank

B. City and County of San Francisco Facilities

1. City Emergency Command Center (ECC)
2. Public Health Emergency Command Center (101 Grove St.)
3. Laguna Honda Hospital Emergency Command Center
4. San Francisco General Hospital - E.D.
5. San Francisco General Hospital - Command Center
6. CMED
7. EMS Agency Office

Item 1c - File 101-92-33.1

Department: Fire Department

Item: Release of reserve of 1986 Fire Protection System Improvement Bond Series 1991B funding for geotechnical study

Amount: \$49,600

Source of Funds: Interest earned on balances of 1986 Fire Protection System Improvement Bonds proceeds between the time that the bonds were sold and the time that the bond proceeds were expended.

Description: In November of 1986, San Francisco voters approved the issuance of \$46.2 million in Fire Protection System Improvement Bonds (Proposition A) to finance improvements to the City's Auxiliary Water Supply System (AWSS). The AWSS is a system of reservoirs, pipelines, and pump stations which will provide a source of water for fire protection in the event that the main water supply system fails, as it did following the 1906 earthquake.

The City sold \$31 million of these bonds in 1987 and the \$15.2 million balance (\$46.2 less \$31 million) of the bonds in 1991. However, although the bonds were sold and the proceeds were appropriated, the proceeds were not immediately expended.

In February, 1993 the Board of Supervisors appropriated a total of \$2,132,044 of the accumulated interest to purchase 20 emergency generators for Fire Stations (\$1,000,000), to construct eight water supply cisterns in the Richmond, Sunset and Marina Districts (\$1,082,444) and to fund a geotechnical study of Pier 22 1/2, also known as Fire Station 49 (\$49,600). The \$49,600 for the geotechnical study was reserved pending selection of the consultant and determination of cost details (including hourly rates) and MBE/WBE status of the consultant.

The City's two fireboats, the Phoenix and the Guardian, are berthed at the Port at Pier 22 1/2. In order to seismically strengthen Fire Station 49 to withstand earthquakes, a geotechnical study is required to determine the special requirements for strengthening both a building which serves as the fireboat headquarters and the pier that is the foundation for the fireboat headquarters building.

An existing contract with the joint venture of EQE Engineering and AGS (AGS is a Women Business Enterprise firm) includes the performance of the geotechnical study of the fireboat headquarters building at Pier 22 1/2 as well as seismic geotechnical studies of six other City building including the Hall of Justice, Central Police Station, Richmond Branch of the Public Library, the Controller's Information Services Division building at 240 Van Ness, the City Hall Annex at 450 McAllister Street and Brooks Hall.

The proposed geotechnical study would be of the pier itself that is the foundation for the fireboat headquarters building. The existing contract with the joint venture of EQE Engineering and AGS would be modified to include a study of the pier in addition to the study of the fireboat headquarters building. Mr. George White of the Department of Public Works, Bureau of Engineering indicates that retaining the services of EQE Engineering and AGS would utilize their expertise and experience in studying the fireboat headquarters building.

The contract budget including the hours and hourly rates for EQE Engineering and estimated subcontractor (AGS) costs is as follows:

	<u>Hours</u>	<u>Hourly Rate</u>	<u>Total Cost</u>
<u>EQE Engineering</u>			
Principal In Charge	8	\$120	\$960
Project Manager	44	100	4,400
Engineer	106	80	8,480
Draftsperson	<u>28</u>	60	<u>1,680</u>
Subtotal EQE Engineering	186		<u>\$15,520</u>
<u>AGS</u>			
Geotechnical Investigation			\$28,040
Seismic Strengthening Cost Estimating			<u>3,000</u>
Subtotal AGS			<u>\$31,040</u>
Subcontractor Markup (10% of subcontractor cost for EQE Engineering to administer subcontractor)			<u>\$3,100</u>
Total Proposed Contract			\$49,660*

*The \$60 excess by which the contract cost exceeds the reserved funding available will come from surpluses in other AWSS accounts.

BOARD OF SUPERVISORS
BUDGET ANALYST

Memo to Budget Committee
March 31, 1993

Recommendations: Release reserved funds in the amount of \$49,600 as requested.

BOARD OF SUPERVISORS
BUDGET ANALYST

Item 1d - File 101-92-12.1

Departments: Superior and Municipal Courts
Chief Administrative Officer (CAO)

Item: Release of reserve for the development of a new courthouse on the corner of Polk and McAllister Streets

Amount: \$200,000

Source of Funds: Courthouse Construction Fund (Surcharges on civil and probate filing fees, parking fines and criminal fines are deposited into the Courthouse Construction Fund. The Fund had a balance of approximately \$9.4 million as of February, 1993.)

Description: Currently there are 20 Superior Court and eight Municipal Court courtrooms and a jury assembly room in City Hall. All criminal courtrooms are at the Hall of Justice including eight Superior Court and 15 Municipal Court criminal courtrooms. The Superior and Municipal Courts also have administrative offices in City Hall. The Superior Court also has three temporary courts at 575 Polk Street.

The CAO's Office has devised a plan for making earthquake repairs and seismic improvements to City Hall. In order to make the earthquake repairs and seismic improvements to City Hall, all occupants of City Hall, including the courthouses of the Superior and Municipal Courts, jury assembly room and administrative offices, must be temporarily moved out of City Hall. The CAO was previously authorized by the Board of Supervisors to negotiate with a private developer to construct a new office building at the corner of Polk and McAllister Streets. The CAO's present plan includes permanently moving the courts currently located in City Hall into a new courthouse that would be constructed at the corner of Polk and McAllister Streets instead of constructing a new City office building at that location. When the new courthouse is complete (projected completion date in 1996 or 1997), the City Hall court activities would be permanently moved to the new courthouse.

The Board of Supervisors previously approved a \$335,134 supplemental appropriation (File 101-92-12) for start-up costs to design the proposed new courthouse. The Superior Court's preliminary estimates of start-up costs totalling \$335,134 included a total of \$214,667 for contractual services that was reserved by the Board of Supervisors pending selection of the

contractors and determination of their professional hours, hourly billing rates and MBE/WBE status as follows:

Project Management	\$39,667
Environmental Impact Report	50,000
Attorney's Fees	50,000
Space Planning Design Services	<u>75,000</u>
Total - Contractual Services	<u>\$214,667</u>

Instead of the above, the CAO's Office now requests the release of \$200,000 of the \$214,667 for contractual services for design work (\$150,000) and an additional \$50,000 (in addition to \$8,000 already appropriated by File 101-92-12) for the Department of Public Health for additional investigations regarding hazardous materials as follows:

<u>Space Planning Design Services</u>	\$150,000
---------------------------------------	-----------

Mr. Ray Fong of the CAO's Office reports that a joint venture of Ross, Drulis Architects, and Hood Miller Associates, a Women Business Enterprise (WBE) has been selected to design the proposed new courthouse. According to Mr. Fong, ten firms with expertise in space planning design responded to the CAO's Office's Request for Qualifications (RFQ). The scope of the space planning design contract includes a full narrative of the types and locations of spaces that will be required for each court function, a complete set of schematic drawings showing floor plans and an estimate of the construction cost of the proposed new courthouse. Mr. Fong indicates that the \$75,000 preliminary estimate for design work that was included in the previously approved supplemental appropriation (File 101-92-12) was based on only providing a narrative report exclusive of a complete set of schematic drawings and cost estimate. The proposed comprehensive space planning design contract is budgeted at \$150,000 as follows:

Memo to Budget Committee
March 31, 1993

	<u>Hours</u>	<u>Hourly Rate</u>	<u>Total Cost</u>
<u>Ross, Drulis Architects</u>			
Principal	354	\$175	\$61,950
Design Architect	135	120	16,200
Job Captain	120	95	11,400
Computer Operator	56	100	5,600
Project Administrator	66	55	3,630
Clerical	<u>80</u>	40	<u>3,200</u>
Subtotal	811		\$101,980

Hood Miller Associates

The subconsultant's budget has not yet been itemized 48,020

Total \$150,000

Department of Public Health

50,000

The preliminary estimate of the cost of Department of Public Health (DPH) services included in the previously approved supplemental appropriation (File 101-92-12) to perform an investigation for toxic materials at the four parcels included in the construction site was \$8,000. Due to a misunderstanding regarding the request for DPH services, the \$8,000 only provided for an analysis of the history of the service station site at the corner of Polk and McAllister Streets and the three buildings that will be demolished with respect to the presence of hazardous materials. The three building are the 450 and 460 McAllister Street office buildings and the California Society of Pioneers' Museum. According to Mr. Fong, an additional \$50,000 is required by the Department of Public Health in order to probe and test soil samples, perform surveys of the actual buildings to physically locate hazardous materials and to develop cost estimates for abatement of hazardous materials contained in the three buildings and the soil at the former service station site.

Total Requested Release of Reserve

\$200,000

Comments:

1. As noted above, the proposed release of reserve of monies totalling \$200,000 would include monies previously appropriated and reserved for other activities including project management (\$39,667), environmental impact report

BOARD OF SUPERVISORS
BUDGET ANALYST

(\$50,000) and attorney's fees (\$50,000) totalling \$139,667. The Superior and Municipal Courts reports that the \$50,000 for attorney's fees is no longer required because the City Attorney has agreed to perform the required legal services at no additional charge. The \$14,667 difference between the total amount previously appropriated and reserved (\$214,667) and the requested release of reserve (\$200,000) should remain on reserve for the project management contract. The required \$25,000 (difference between \$39,667 originally budgeted for the project management contract and the \$14,667 that would remain on reserve) and \$50,000 funding for the Environmental Impact Report (the \$50,000 that would be diverted by the proposed release of reserve to the space planning design contract) would be the subject of a future supplemental appropriation ordinance from the Courthouse Construction Fund.

2. Although the proposed release of reserve would provide funding for courthouse construction startup activities other than for the activities and amounts for which the funds were reserved, all the activities are for the same overall project (construction of a new courthouse) that must be funded in any event in order to proceed with the project. Therefore the Budget Analyst recommends approval of the proposed release of reserve as requested.

Recommendation: Release the reserve on \$200,000 for contractual services as requested.

Item 2 - File 127-93-1

Note: The proposed legislation, as described below, is based on a draft Amendment of the Whole provided to the Budget Analyst by the Clerk of the Board's Office; however, as of the writing of this report, an Amendment of the Whole had not been officially submitted and made part of File 127-93-1.

Item: Ordinance (File 127-92-2.1) amending Part III of the San Francisco Municipal Code by amending Sections 802 and 807 thereof, eliminating the expiration of the exemption from the Stadium Operator Admission Tax for tickets sold at \$12.99 or less, raising the maximum ticket price qualifying for the exemption from \$12.99 to \$25.01 and increasing the rate of the Stadium Operator Admission Tax from \$.50 to \$1.50, and specifying an effective date tied to the approval of an amendment to the Candlestick Park lease between the 49ers and the City.

Description: The Stadium Operator Admission Tax was established in 1971 to finance the expansion of Candlestick Park to accommodate professional football. To finance the expansion, an Admission tax was enacted for tickets sold for all events at Candlestick Park. Prior to 1977, exemptions from the admission tax were primarily limited to tickets priced at \$2.01 or less.

From 1977 through 1987, the ticket price which qualified for the tax exemption was increased several times by the Board of Supervisors, in order to continue to exempt from the tax the first 42,500 tickets which were sold to each San Francisco Giants baseball game. Between 1988 and December 31, 1992, the exemption from the tax applied to tickets priced at \$12.99 or less, if they were among the first 42,500 tickets at each event which were sold. All tickets sold in excess of 42,500 for any single event, regardless of their price, and all tickets priced at \$13.00 or more, were subject to the tax. The exemption from the Stadium Operator Admission Tax expired on December 31, 1992, except on tickets priced at \$2.01 or less.

On March 17, 1993, the Budget Committee approved a proposed ordinance to increase the maximum amount of the ticket price which qualifies for the exemption from \$12.99 to \$25.01, and to extend, through December 31, 1994, the exemption from the tax for tickets priced at \$25.01 or less. The effect of the proposed ordinance will be to exempt all tickets sold for events at Candlestick Park which are sold at

BOARD OF SUPERVISORS
BUDGET ANALYST

\$25.01 or less, through December 31, 1994 (tickets sold in excess of \$25.01 would be subject to the tax). Since all San Francisco Giants baseball tickets will be priced at \$17.50 or less in 1993, none of the first 42,500 tickets sold for Giants games in 1993 will be taxed.

Under current provisions of the Administrative Code, the Stadium Operator Admission tax is \$0.50 for each ticket which is taxed.

The proposed ordinance would raise the amount of the Stadium Operator Admission tax from \$0.50 to \$1.50 per ticket. (Under the proposed ordinance which is pending before the Board of Supervisors for final passage on March 29, 1993, a Stadium Operator Admission tax of \$0.50 will apply to tickets priced at \$25.02 or more between January 1, 1993 and December 31, 1994).

In addition, the proposed ordinance provides that such an increase in the tax from \$0.50 to \$1.50 would apply "only after the Board of Supervisors has approved amendments to the San Francisco 49ers Candlestick Park lease regarding food and beverage rents and rental offsets, in the form approved by the Recreation and Park Commission and the 49ers... In the absence of such approval, a \$0.50 tax rate shall be imposed upon all tickets sold with the value of \$25.02 or more." In other words, the higher tax of \$1.50 would take effect only upon approval by the Board of Supervisors of lease amendments between the City and the San Francisco 49ers. However, the specific provisions of the lease amendments are unknown at this time (see Comment 4).

Comments

1. Mr. Jim Lazarus of the Mayor's Office has previously stated that the proposed increase in the Admission tax rate from \$.50 to \$1.50 under the proposed ordinance has resulted from discussions with the San Francisco 49ers concerning possible changes in the allocation of 49ers revenues to the City.

Specifically, Mr. Lazarus related the following explanations in support of the proposed admission tax increase of \$1.00 from \$.50 to \$1.50:

The 49ers are required to pay 40 percent of their ticket revenues to visiting football teams. Therefore, it is beneficial to the 49ers to generate revenues from sources other than revenues from the sale of tickets, to the extent possible.

BOARD OF SUPERVISORS
BUDGET ANALYST

A one dollar (\$1.00) surcharge on 49ers tickets, which had accrued to the City, expired on December 31, 1992.

Under current lease provisions with the 49ers, the City will receive 14.8 percent of food and beverage concession revenues generated at 49ers games.

Rather than (1) decreasing the price of 49ers tickets to reflect the expiration of the surcharge, or (2) keeping ticket prices the same, resulting in higher ticket revenues to the 49ers, the 49ers have suggested that the Stadium Operator Admission Tax be increased by \$1.00 from .50 to \$1.50. The elimination of the \$1.00 surcharge, coupled with the proposed \$1.00 increase in the Admission tax, would leave 49ers ticket prices unchanged for the consumer for the 1993 football season.

In exchange for raising the admission tax to \$1.50, resulting in higher admission tax revenues to the City, the Mayor's Office and the 49ers are discussing that the City's 14.8 percent share of 49ers food concession revenues generated at 49er games, presently accruing to the City, would accrue to the 49ers.

2. In summary, although the lease amendments between the 49ers and the Recreation and Park Commission have not been finalized, the effect of this proposal, as explained by Mr. Lazarus, would be as follows:

- The price of 49ers tickets would be unchanged, since the \$1.00 increase (from \$0.50 to \$1.50) in the admission tax will offset the \$1.00 surcharge which expired December 31, 1992.
- The City would receive an additional \$1.00 Stadium Operator Admission Tax for each 49ers ticket which is subject to the admission tax. The City would transfer to the 49ers the City's 14.8 percent share of 49ers food concession revenues generated at 49ers games.

3. Mr. Lazarus has previously stated that, under the proposal outlined above, both the City and the 49ers would realize more revenues than at present over approximately 15 years in which the agreement would remain in effect. Specifically, Mr. Lazarus estimates that the City would realize approximately \$900,000 more in Stadium Operator Admission Tax revenues over that period than it would receive in 49ers concession revenues, and the 49ers would realize approximately \$2.6 million in new revenue from food and beverage concessions. However, as of the writing of this

report, negotiations were still continuing between the Mayor's Office and the San Francisco 49ers.

4. The Budget Analyst is unable to evaluate the fiscal impact on the City of the proposal to increase the Stadium Operator Admission Tax by \$1.00 from \$.50 to \$1.50 and to transfer food and beverage concession revenues to the 49ers, in the absence of proposed legislation which includes all of the final details of the negotiations between the 49ers and the City.

Mr. Lazarus indicates that any proposed amendment to the 49ers lease with the City to incorporate changes in the allocation of food concession revenues would require approval by the Recreation and Park Commission and the Board of Supervisors.

5. Mr. Lazarus states that the transfer of concession revenues to the 49ers would be "in exchange" for the proposed \$1.00 increase in the admission tax. However, the Budget Analyst notes that the 49ers are not empowered to impose the admission tax, which is paid by ticket purchasers and received by the City; therefore, the 49ers cannot "agree" to the tax increase "in exchange" for concessions from the City.

To the contrary, the City could unilaterally increase the Admission tax to \$1.50 (resulting in no net change in 49ers ticket prices) and still continue to receive its 14.8 percent share of 49ers concession revenues. (The admission tax revenues accrue to the Candlestick Park Fund.)

6. As previously noted, a proposed ordinance has not been officially submitted to the Clerk of the Board reflecting the provisions discussed above. Rather, the Clerk of the Board has provided the Budget Analyst with an unofficial draft Amendment of the Whole.

However, this draft Amendment of the Whole does not clearly state when the tax exemption would expire and when or whether the tax could be reimposed.

The title of the draft proposed legislation states that the proposed ordinance would eliminate the expiration of the exemption from the Stadium Operator Admission Tax for tickets sold at \$12.99 or less.

The Budget Analyst notes that, if the expiration of the tax exemption were so eliminated, then the tax exemption would not expire. If the tax exemption did not expire, then it would continue indefinitely, without requiring subsequent approval

BOARD OF SUPERVISORS
BUDGET ANALYST

of the Board of Supervisors to continue the exemption. If the tax exemption continued indefinitely under the Administrative Code, then the City would not receive tax revenues from the Stadium Operator Admission tax, unless the Administrative Code was later amended to eliminate the exemption and impose the tax. In summary, the effect of the proposed ordinance, as stated in the title, would be to exempt tickets priced at \$25.01 or less from the tax indefinitely, without further approval of the exemption by the Board of Supervisors.

However, the text of the draft Amendment of the Whole reflects that the tax exemption would expire on December 31, 1994, and is therefore inconsistent with the title. If the tax exemption expired on December 31, 1994, as stated in the text, then tickets priced at \$2.02 or more would be subject to the tax beginning January 1, 1995, unless the Board of Supervisors specifically authorized a further extension beyond December 31, 1994.

Because the title and body of the draft Amendment of the Whole which was made available to the Budget Analyst are inconsistent concerning the expiration of the tax exemption and the date, if any, for reimposition of the tax, either the title or the body should be amended, if they have not already been, to reflect the actual intent of the legislation.

6. On March 17, 1993, the Budget Committee approved a proposed ordinance which would raise the ticket price which qualifies for the exemption from \$12.99 to \$25.01, and which provides that the tax exemption will apply only between January 1, 1993 and December 31, 1994. That proposed ordinance is currently pending for final passage before the Board of Supervisors on March 29, 1993.

Recommendation: Approval of the proposed ordinance is a policy matter for the Board of Supervisors.

However, prior to action by the Board of Supervisors, the proposed ordinance should be reviewed to determine whether it provides for the expiration of the tax exemption on December 31, 1994, consistent with other pending legislation before the Board of Supervisors, or whether the exemption would continue indefinitely, thereby resulting in no further approval of the exemption needed by the Board of Supervisors.

BOARD OF SUPERVISORS
BUDGET ANALYST

Item 3 - File 101-92-48

Department Department of Parking and Traffic (DPT)

Item: Supplemental Appropriation for temporary salaries, overtime, mandatory fringe benefits, vehicle rental and materials and supplies.

Amount: \$373,000

Source of Funds: General Fund General Reserve

Description: The DPT advises that, the City owns two types of parking meters: approximately 16,000 Park-O-Meter (P.O.M.) meters and approximately 5,000 Duncan meters. Park-O-Meter and Duncan are the names of the manufacturers of these meters. In 1992, a new technique was apparently discovered to burglarize the P.O.M. meters, which, according to the DPT, resulted in lost meter and citation revenues totaling approximately \$1,989,000 between July 1, 1992 and December 31, 1992. In order to prevent further burglaries, the DPT replaced the old P.O.M. meters with new P.O.M. meters. In contrast to the old P.O.M. meters, the new P.O.M. meters are designed with a rear loading lock instead of a front loading lock. The loading lock is the locked door to the vault which holds the coin box. The front loading lock design permitted the door lock to be removed completely from the meter thereby allowing relatively easy access to the coin box itself. The rear loading lock is designed such that the lock cannot be removed from the meter, which makes access to the coin box nearly impossible.

The Duncan parking meters, unlike the old P.O.M. parking meters, are designed with rear loading locks. However, the DPT recently reported that it has observed that the Duncan meters are being vandalized, by having the domes removed from the Duncan meters. With the domes removed, the Duncan meters cannot accept coins, and the City is unable to enforce expired meter violations at these meters, also resulting in lost revenues.

The Board of Supervisors previously authorized the DPT to use an estimated \$835,200 in lease revenue bonds to lease/purchase 3,600 new domes for the Duncan meters (File 170-93-1). The DPT had previously purchased 1,400 domes with Off-Street Parking Funds. The 3,600 domes represented the remaining domes needed in order to replace all of the domes on the 5,000 Duncan meters. The DPT is now requesting a supplemental appropriation in the amount of

\$373,000 to be used for labor, the rental of two vans and materials for the repair and installation of the remaining 3,600 Duncan meter domes.

The DPT advises that during the last several months all of the DPT Meter Division staff have been assigned almost exclusively to the replacement of the 16,000 P.O.M. meters. Therefore, according to the DPT, the staff has been unable to perform routine maintenance, which has resulted in a severe backlog of broken and/or jammed P.O.M. and Duncan meters. The DPT notes that while the new P.O.M. meters cannot be easily burglarized, they can still be jammed or broken. The DPT states that in order to alleviate this maintenance backlog, it is essential that the regular work force be returned to performing their regular maintenance duties. The DPT advises that in view of this backlog of broken and/or jammed meters, the DPT only has two staff persons to assign to the repair and installation of the Duncan meter domes. The DPT projects that it would take these two staff persons, one of which is a Parking Meter Repairer and the other of which is a Maintenance Machinist, approximately 13 months to install the new domes for the 3,600 Duncan meters.

In order to expedite the installation of the new domes for the Duncan meters, the DPT is proposing to hire seven temporary staff (2.4 FTEs) and use staff overtime to assist the two existing staff persons who are now assigned to the project. The DPT estimates that by hiring seven temporary staff and using overtime, the installation of the Duncan meters could be accomplished in four and one-half months or eight and one-half months less than the 13 months that would be required if only the existing two staff are assigned to this project. The DPT's estimated budget for the temporary staff, overtime, van rental and materials, is detailed below:

<u>Temporary Salaries</u>	<u>FTE</u>	<u>Amount</u>
Parking Meter Repairer (3)	1.03	\$37,125
Maintenance Machinist (4)	<u>1.38</u>	<u>57,168</u>
Subtotal	2.41	\$94,293

Overtime

(3) Parking Meter Repairer (91 hrs. @ \$31.24 per/hr.)	\$8,528
(1) Parking Meter Repair Supervisor (91 hrs. @ \$35.27 per/hr.)	3,209
(4) Maintenance Machinist (91 hrs. @ \$36.13 per/hr.)	13,152

BOARD OF SUPERVISORS
BUDGET ANALYST

(1) Maintenance Machinist Supervisor		
(91 hrs. @ \$46.80 per/hr.)	\$4,259	
Fringe Benefits	<u>6.159</u>	
Subtotal		35,307
<u>Other</u>		
Van Rental (2 vans for 4 and 1/2 months)	\$8,400	
Meter Repair Parts	175,000	
Sealed Coin Boxes *	<u>60,000</u>	
Subtotal		<u>243,400</u>
Total		\$373,000

* Sealed coin boxes are coin boxes which are locked with a key.

Comment:

Ms. Katherine Hile of the DPT reports that without the use of the proposed temporary staff and staff overtime to install and repair the 3,600 Duncan meters, the DPT estimates that a total of \$4,729,725 in revenue would be collected over the approximately 13 months it would take to complete the installation and repair work. According to Ms. Hile, the DPT estimates that with the use of the proposed temporary staff and staff overtime to expedite the installation and repair of these Duncan meters, a total of \$5,200,650 or an increase of \$470,925 in revenue would be collected over this 13 month period. Ms. Hile states that the DPT's estimated increase of \$470,925 in revenue would more than off-set the total estimated cost of \$138,000 for the proposed temporary staff (\$94,293), for the staff overtime (\$35,307) and for the cost of the rental for the two vans (\$8,400). The remaining costs of meter repair parts (\$175,000) and sealed coin boxes (\$60,000) are one-time costs, which would be incurred whether or not the DPT uses temporary staff and staff overtime to assist in the installation and repair of the Duncan meters.

Recommendation: Approve the proposed ordinance.

Memo to Budget Committee
March 31, 1993

Item 4 - File 101-92-49

Department Public Utilities Commission (PUC)
 Municipal Railway

Item: Supplemental appropriation for the Municipal Railway for the payment of claims and judgements.

Amount: \$2,500,000

Source of Funds: General Fund, General Reserve

Description: The Municipal Railway (MUNI) has requested a supplemental appropriation of \$2,500,000 to pay for anticipated legal claims and judgements for FY 1992-93. The requested supplemental appropriation of \$2,500,000 would be added to the existing amount of \$4,800,000 previously appropriated in the FY 1992-93 budget, resulting in an annual total budgeted amount of \$7,300,000 to fulfill the anticipated need of such judgements and claims for the current fiscal year. The PUC approved the submission of the \$2,500,000 supplemental appropriation request to the Mayor on January 12, 1993. Subsequently, on March 19, 1993, PUC staff revised its 1992-93 funding needs for MUNI claims and judgements from \$7,300,000 to \$9,148,220, an increase of \$1,848,220.

A summary of the Municipal Railway claims and judgments for FY 1992-93 are as follows:

<u>Description</u>	<u>Number</u>	<u>Amount</u>
<u>Claims Already Paid during FY 1992-93</u>		
Claims under \$100,000	805	\$3,264,000
Claims of \$100,000 or more	<u>5</u>	<u>1,536,000</u>
Subtotal	810	\$4,800,000
<u>Unpaid Settled Claims to be paid during the remainder of FY 1992-93</u>		
Claims under \$100,000	294	609,813
Claims \$100,000 or more	<u>1</u>	<u>200,000</u>
Subtotal	295	809,813

Memo to Budget Committee
March 31, 1993

<u>Description</u>	<u>Number</u>	<u>Amount</u>
<u>Unpaid Claims awaiting approval for payment</u>		
Claims between \$15,000 and \$100,000	15	511,407
Claims \$100,000 or more	<u>2</u>	<u>807,000</u>
Subtotal	17	1,318,407
<u>Construction Claim Payment Pending</u> (Roebbell Engineering)		
	1	720,000
<u>Other claims still pending</u>	<u>324</u>	(estimate) <u>1,500,000</u>
Total 1992-93 Claims Paid or Pending	1,447	\$9,148,220
Less:		
1992-93 Budgeted Funds		\$4,800,000
Proposed Supplemental (this legislation)		<u>2,500,000</u>
		<u>7,300,000</u>
Total Additional Funds Needed to Pay off all Claims if this supplemental appropriation request of \$2,500,000 is approved		\$1,848,220

Comments:

1. In summary, a total of 1,447 claims and judgements paid and pending in 1992-93 would cost an estimated \$9,148,220 or an estimated \$6,322 per claim. Mr. Fred Howell of the Public Utilities Commission (PUC) Finance Division reports that their recent experience in the administration of claims and judgements demonstrates that an expeditious review and settlement of most legal claims and judgements has generally resulted in lower payments. Further, Mr. Howell advises that, because MUNI is anticipating a projected \$30 million deficit in 1993-94, their immediate objective regarding claims and judgements is not to add to that deficit by increasing the budget request for claims and judgements.
2. In addition, Mr. Howell advises that for the first time construction claims are to be paid out of the claims and judgements account. In the past, such claims were provided for in either contingency accounts to the individual contracts or authorized by the Metropolitan Transportation Commission from special set-asides of Federal and state matching funds for transportation projects.

BOARD OF SUPERVISORS
BUDGET ANALYST

3. A comparison of the total number and cost of claims and judgements against MUNI paid during the last five years is as follows:

<u>Year</u>	<u>Number of Claims Paid</u>	<u>Average Cost per Claim</u>	<u>Total Cost</u>
1987-88	1,635	\$3,374	\$5,516,000
1988-89	1,623	5,755	9,340,000
1989-90	1,195	4,422	5,284,000
1990-91	1,303	3,640	4,743,000
1991-92	<u>1,114</u>	5,862	<u>6,530,000</u>
Five Year Total	6,870		\$31,413,000
Five Year Average	1,374	\$4,572	\$6,282,600

4. The total of 1,447 paid and pending claims and judgements for 1992-93 is 333 or 29.9 percent greater than the 1,114 claims and judgements paid in 1991-92. The estimated \$6,322 cost per claim for 1992-93 is \$1,750 (\$6,322 less \$4,572) or 38.3 percent greater than the average cost per claim over the past five years and \$460 (\$6,322 less \$5,862) or 7.8 percent greater than the average cost per claim for 1991-92.

5. With respect to the \$1,848,220 still needed for the estimated cost of other claims and judgements still pending, Ms. Kathleen Kelly of the PUC Finance Division advises that PUC and MUNI staff are currently exploring several options to transfer \$1,000,000 from other budgeted PUC and MUNI accounts, that would have projected budget surpluses, to claims and judgements in order to reduce the projected deficiency on claims and judgements still pending during the current fiscal year from \$1,848,220 to \$848,220. Ms. Kelly also advises that these options will be presented to the PUC for review and approval on April 13, 1993. This would result in total claims paid in 1992-93 of \$8,300,000 (\$9,148,220 less \$848,220).

6. Mr. Fred Howell of the PUC Finance Division also advises that it is their current intention to carry forward \$848,220 in estimated costs for pending claims and judgements to 1993-94. According to Ms. Kelly, approximately \$200,000 in costs for pending claims and judgements was carried forward from 1991-92 to 1992-93.

BOARD OF SUPERVISORS
BUDGET ANALYST

7. Mr. Howell also advises that MUNT's preliminary 1993-94 budget has proposed \$4.8 million for the payment of claims and judgements which is the same as the Mayor's recommended budgets as approved by the Board of Supervisors for 1991-92 and 1992-93. However, Mr. Howell further advises that PUC will be requesting the Mayor to add \$2.2 million increasing the proposed 1993-94 budget for claims and judgements from \$4.8 million to \$7.0 million. The additional \$2.2 million would pay for the anticipated carry forward of \$848,200 in existing claims pending and the anticipated settlement of a major construction claim presently under negotiation.

8. However, as noted in Comment No. 5 above, a \$7.0 million budget for claims and judgements as is being requested in the Fiscal Year 1993-94 budget would still be \$1,300,000 less than the estimated payments to be made in FY 1992-93 (\$8,300,000 less \$7,000,000).

Recommendation: Approve the proposed supplemental appropriation ordinance.

Memo to Budget Committee
March 31, 1993

Item 5 - File 101-92-50

Department Police Department

Item: Supplemental appropriation for permanent salaries - miscellaneous, permanent salaries - uniform, premium pay - uniform, differential pay, overtime - uniform and retirement; rescinding a total of \$850,000 for other fringe benefits; transferring \$250,000 in revenue from the Narcotics Forfeiture and Seizure Fund; subject of previous budgetary denial.

Amount: \$3,235,100

Source of Funds: New Appropriation:
General Fund-General Reserve \$2,135,100

Rescission of previously appropriated surplus funds:
Other Fringe Benefits 850,000

Revenue transfer from the Narcotics Forfeiture & Seizure Fund 250,000

Total Supplement Appropriation Request \$3,235,100

Description: The Police Department has requested funds to cover projected budgetary shortfalls in various salary and related accounts for FY 1992-93. The Department's request is summarized in the table below.

Based on the Police Department's budget for the various salary accounts, the Budget Analyst has projected the Police Department's need for a supplemental appropriation as follows:

	<u>Perm Salaries Misc.</u>	<u>Perm Salaries Uniform</u>	<u>Premium Pay Uniform</u>	<u>Differential Pay</u>	<u>Overtime Uniform</u>	<u>Retirement</u>	<u>Totals</u>
1992-93 Budget	\$11,343,124	\$87,925,811	\$3,185,400	\$105,018	\$5,101,570	\$29,120,785	\$136,781,708
Actual Expenditures from 7/1/92 to 2/12/93	7,540,225	55,636,701	2,220,213	259,542	4,139,086	20,334,264	90,130,031
Projected Expenditures from 2/13/93 through 6/30/93	<u>4,565,114</u>	<u>32,942,406</u>	<u>1,522,978</u>	<u>133,123</u>	<u>2,527,883</u>	<u>10,340,450</u>	<u>52,031,954</u>
Total Projected Surplus or (Shortfall)	(\$762,215)	(\$653,296)	(\$557,791)	(\$287,647)	(\$1,565,399)	(\$1,553,929)	(\$5,380,277)

BOARD OF SUPERVISORS
BUDGET ANALYST

Memo to Budget Committee
March 31, 1993

	Perm Salaries <u>Misc.</u>	Perm Salaries <u>Uniform</u>	Premium Pay <u>Uniform</u>	Differential <u>Pay</u>	Overtime <u>Uniform</u>	Retirement	Totals
Amount of Proposed Supplemental Approp. Request	<u>\$570,000</u>	<u>\$470,000</u>	<u>\$510,000</u>	<u>\$175,000</u>	<u>\$1,369,642</u>	<u>\$140,458</u>	<u>\$3,235,100</u>
Additional Amounts Needed in Excess of Supplemental Appropriation amounts Requested	\$192,215	\$183,296	\$47,791	\$112,647	\$195,757	\$1,413,471	\$2,145,177

Comments:

1. On June 30, 1992 the Budget Analyst advised the Board of Supervisors that, based on a review of the Mayor's 1992-93 budget for the Police Department, anticipated expenditures for salaries and overtime were underbudgeted by an estimated \$3,000,000. The Mayor's Office is now submitting a request for additional funds for the Police Department under this proposed supplemental appropriation request in the amount of \$3,235,100. However, based on the analysis of the Budget Analyst there will still be a shortfall of \$2,145,177 even if this latest requested amount of \$3,235,100 is approved by the Board of Supervisors.

2. Subsequent to this analysis which identified an additional shortfall of \$2,145,177, Chief of Police Anthony Ribera advised the Budget Analyst that additional anticipated savings from cost saving measures have been identified by the Police Department as follows:

<u>Description</u>	<u>Amount</u>
Additional Anticipated Shortfall based on above analysis by Budget Analyst, if this proposed request of \$3,235,100 is approved	\$2,145,177
Less Additional Anticipated Savings as identified by the Police Department and verified by the Budget Analyst	
San Francisco Housing Authority payment for police services during FY 1992-93	\$889,079
Additional savings to misc. premium salaries based on fewer civilian clerks working nights	49,694
Additional savings to temporary salaries based on lack of timely hiring of school crossing guards	71,259
Additional savings to holiday pay based on revised estimate of hours worked	<u>53,173</u>
	<u>1,063,205</u>

BOARD OF SUPERVISORS
BUDGET ANALYST

<u>Description</u>	<u>Amount</u>
Revised Additional Amounts Needed in Excess of the proposed \$3,235,100 Supplemental Appropriation Request	\$1,081,972
Additional savings if another Supplemental Appropriation for additional positions and related expenses in the Police Department's Communications Control Center (911) are approved (see Item 6, File 101-92-51 of the Budget Analyst's report to the Budget Committee)	<u>183,527</u>
Estimated Remaining Shortfall in the Police Department if this request (Item 5) and the request under Item 6 are approved	<u>\$898,445</u>

3. Chief Ribera has advised the Budget Analyst that among cost savings measure instituted during the current fiscal year are:

- dispatcher overtime has been limited by detailing officers to Communications Control Center and improving its management;
- the number of employees working on holidays has been limited;
- there has been a freeze on hiring of new employees, except for dispatchers;
- no paid overtime has been allowed for the command staff;
- there has been a freeze on promotions. Six captain, six lieutenant, 23 sergeant, and 56 inspector positions remain vacant; and
- in cooperation with the District Attorney, the numbers of officers subpoenaed has been limited. The Police Department intends to detail one clerical position to the District Attorney's office to coordinate the issuance of Superior Court subpoenas.

4. Chief Ribera has also advised the Budget Analyst that the Police Department would institute a number of other cost saving measures as part of continuing discussions with the Mayor's Office to attempt to further resolve the estimated \$898,445 remaining deficit for FY 1992-93. However, Chief Ribera further advises that "at this point we are still projecting a deficit for the fiscal year."

BOARD OF SUPERVISORS
BUDGET ANALYST

5. Since these items were the subject of previous budgetary denial, the proposed ordinance requires a two-thirds vote of the Board of Supervisors.

Recommendation: Approve the proposed supplemental appropriation ordinance.

Items 6 and 7 - Files 101-92-51 and 102-92-14

Department: Police Department

Items: Supplemental Appropriation Ordinance (Item 6, File 101-92-51) for permanent salaries - miscellaneous, premium pay - miscellaneous, and related mandatory fringe benefits for the creation of 10 new positions; providing for ratification of action previously taken.

Ordinance (Item 7, File 102-92-14) to amend the FY 1992-93 Annual Salary Ordinance by adding 16 positions.

Amount: \$255,000

Source of Funds: General Fund - General Reserve

Background: The San Francisco Police Department's Communications Control Center is designated as the Public Safety Answering Point (PSAP) for 911 emergency calls in the City and County of San Francisco. PSAP operators (call evaluators) receiving 911 bona-fide emergency calls transfer such calls to police dispatchers, or to call evaluators at the Health Department or the Fire Department. The 911 Emergency Telephone System is one part of a three component process that delivers emergency assistance services to the public. The other two components are the dispatch systems for police, health, and fire protection services and their respective service delivery units. The major functions performed in the Police Department's Communications Center are as follows:

- Receiving 911 calls
- Requesting translation services, when required
- Evaluating 911 calls
- Transferring 911 calls to the proper agency
- Dispatching police units in response to 911 calls
- Receiving police non-emergency calls via 553-0123
- Evaluating 553-0123 calls
- Transferring non-emergency calls to other agencies, when appropriate
- Dispatching police units in response to 553-0123 calls
- Recording 911 emergency calls and police radio communications

Description: The proposed ordinance (File 102-92-10) to amend the FY 1992-93 Annual Salary Ordinance would create 16 new permanent positions as follows:

No.	Classification	Maximum	
		Biweekly Salary Range	Annual Salary at Top Step
13	8238 Police Comm. Dispatcher	\$1,336-\$1,618	\$548,987
<u>3</u>	8239 Senior Police Comm. Disp.	\$1,513-\$1,835	<u>143,680</u>
16			\$692,667

The proposed supplemental appropriation ordinance (File 101-92-51) would fund 10 positions including seven of the 13 requested new Police Dispatcher Communications permanent positions at Step 1 and the three new Senior Police Communications Dispatcher permanent positions at Step 3 for the period of May 8, through June 30, 1993, as follows:

7	8238 Police Comm. Disp. (7 x \$1,336 x 3.8 bwpp)	\$35,538
3	8239 Sr. Police Comm. Disp. (3 x \$1,666 x 3.8 bwpp)	<u>18,992</u>
	Subtotal - Permanent Salaries	\$54,530
	Premium Pay	2,105
	Mandatory Fringe Benefits (26.2 percent)	<u>14,838</u>
	Total - Personnel	\$71,473

The proposed supplemental appropriation ordinance does not include funding for six of the 13 requested new dispatcher positions because funding is not available (see Comment 8, below).

The remaining funds in the amount of \$183,527 (this request of \$255,000 minus the \$71,473 above) would be used to replace Police Department funds designated in the Department's budget to fund salaries for other Civil Service classifications, but which were used to fund salaries for Police Communications Dispatcher positions. Those Police Communications Dispatcher positions were included in the FY 1992-93 budget, however insufficient funding was included in the Department's budget to actually fund the salary and other funding requirements of the dispatcher positions due to excessive salary savings imposed by the Mayor's Office being included in the Police Department's budget. The Police Department's FY 1992-93 budget included excessive salary savings as a means of balancing the FY 1992-93 budget.

The Police Department filled seven authorized but unfunded Police Communications Dispatcher positions on December 14, 1992, and filled another seven authorized but unfunded

Police Communications Dispatcher positions on February 8, 1993. The remaining funds in the amount of \$183,527 would partially fund salaries, premium pay, and mandatory fringe benefits for the total of 14 Police Communications Dispatcher positions filled in December of 1992 and February of 1993, which will require total funding as follows:

7	8238	Police Comm Disp. (7 x \$1,336 x 13 bwpp, Step 1)	\$121,576
		(7 x \$1,401 x 1.4 bwpp, Step 2)	13,730
7	8238	Police Comm Disp. (7 x \$1,336 x 10.4 bwpp)	97,261
		Subtotal - Permanent Salaries	\$232,567
		Premium Pay	13,735
		Mandatory Fringe Benefits (26.2 percent)	64,531
		Total - Personnel	\$310,833

The Police Department has provided the Budget Analyst with justification for the proposed new positions as follows:

8238 Police Communications Dispatcher: (13 New Positions)

These positions, under supervision, receive incoming 911 emergency and non-emergency telephone calls; maintain two-way radio communication with mobile police units in the field; operate computer terminal in processing requests for information regarding stolen vehicles and wanted persons; and transmit information to field units. Dispatchers frequently work under considerable stress caused by the volume of messages or emergency conditions in the field involving the protection of life and property.

Senior Police Communications Dispatcher: (3 New Positions)

These positions would be first-line supervisors with the following responsibilities: coordinate and monitor activities of subordinates; train, coach and counsel subordinates; conduct performance evaluations; perform administrative functions; prepare and maintain departmental forms, reports, and records; conduct internal investigations; operate a radio channel and computer terminal or phone evaluating positions as needed; and coordinate dispatching of multiple emergency services upon receipt of report of major emergencies.

Comments:

1. On February 16, 1993, the Board of Supervisors approved Resolution No. 98-93 (File 207-92-11) urging the Mayor to authorize sufficient funding in the FY 1993-94 Police Department budget to fully staff the Communications Center. Prior to that action, the Board of Supervisors had approved a series of resolutions all urging the Mayor to urge the Police Commission to take appropriate actions to improve the performance of the Police Department's Communications Division.

2. The joint report submitted by the Controller and the Budget Analyst in December of 1992 shows that as of November 13, 1992, of 113 communications dispatcher positions authorized in the Police Department's FY 1992-93 budget only 84 communications dispatchers were available for duty in the Communications Center. This condition has resulted in instances when the Communications Center was severely understaffed. The disposition of communications dispatchers as of November 13, 1992, was as follow:

Authorized Police Comm. Dispatcher Positions	113
Unfilled Positions	-8
Long-term Leaves of Absence	-7*
Long-term Workers' Compensation	-5*
Short-term Workers' Compensation	-5*
Communications Dispatchers working outside of the Communications Center	<u>-4</u>
Communications Dispatchers Available for Duty	84

*17 positions on extended absences.

2. The addition of thirteen 8238 Police Communications Dispatcher positions would result in a total of 126 authorized Police Communications Dispatcher positions in the FY 1992-93 Annual Salary Ordinance. The 1991 joint audit report submitted by the Controller and the Budget Analyst contains a staffing analysis that shows a requirement for 105 Police Communications Dispatcher positions, not including staffpersons who are on extended absences, such as for a disability. As cited above, the December 11, 1992, joint report submitted by the Controller and the Budget Analyst shows a total of 17 staffpersons as being on extended absences. Those 17 staffpersons on extended absences, when added to the requirement of 105 positions required for staffing the Communications Center on a recurring basis, equals 122 Police Communications Dispatcher positions. However, the Police Department has recently developed performance goals, related to the 911 system and the non-emergency line telephone response times, that have increased the need for staffing in the Communications Center to 126 positions. Attached is a memorandum from the Police Department providing justification for the 126 Police Communications Dispatcher positions. (Attachment).

3. Staff availability for duty in the Communications Center can be increased significantly by decreasing the number of dispatchers unable to work because of injury or illness. On

February 12, 1993, the Board of Supervisors approved Resolution No. 84-93 (File 207-92-11.5) urging the Mayor to urge the Police to develop a program to reduce dispatcher injuries and illnesses and to maintain staffing at authorized levels. Deputy Chief Reed reports that the Police Department is taking steps to reduce Communications Dispatcher injuries and illnesses and that the Health Department has toured the Communications Center to examine the ergonomic quality of the equipment. Deputy Chief Reed reports that, based on the recommendations of the Health Department, the Police Department has established a training program for all dispatchers, to ensure the proper use of the equipment.

4. The Board of Supervisors previously approved Resolution No. 80-93 (File 207-92-11.2) urging the Mayor to urge the Police Commission to civilianize the supervisory positions in the Communications Division. Lieutenant Lawrence Ryan of the Police Department has reported that the three Senior Police Communications Dispatcher positions contained in this request are a part of the process to civilianize the supervisory position in the Division and that the fourth Senior Police Communications Dispatcher position will be requested in the future.

5. The December, 1992, joint report of the Controller and the Budget Analyst notes that the Police Department had expended a total of \$193,492 in overtime costs for Police Communications Dispatcher services during the period of July 1, through November 20, 1992. That rate of overtime usage extended to the end of FY 1992-93 would pay for the equivalent of approximately 11.7 full-time equivalent Police Communications Dispatcher positions. Such excessive overtime expenditures for Police Communications Dispatcher services could be avoided by having sufficient staffing in the Communications Center.

6. Because of the emergency nature of the calls that are received by the 911 dispatchers, staffing shortages at the Communications Center create potentially life-threatening situations when calls are not answered in an expedient manner.

7. Additional funding required to fund the previously hired Police Communications Dispatchers, as noted above, and other funding requirements of the Police Department are addressed in File 101-92-50, which is Item 5 of this Budget Analyst's report to the Budget Committee.

8. According to Officer Tom Strong of the Police Department, the Department has requested 13 new 8238 Police Communications Dispatcher positions although funding is not currently available to fund six of those 13 positions. The Department needs those six additional positions filled in order to accomplish its performance goals and having the positions authorized in the budget will facilitate and expedite placing staff in the positions when and if funds become available to do so.

9. As of the writing of this report the Police Department is uncertain as to whether sufficient additional monies will be identified to fund the Department's pending need for six additional Police Communications Dispatcher positions.

Recommendations: Approve the proposed ordinances.

Memorandum

San Francisco Police Department



To: Lieutenant Lawrence Ryan
Commanding Officer

From: John Kaye *[Signature]*
Senior Analyst

Date: February 5, 1993

APPROVED

YES

NO

[Signature] ☒ ☐
_____☐ ☐
_____☐ ☐

Subject: Justification for the 126 8238 Dispatcher Positions

We are currently allocated 113 8238-Dispatcher positions in our 1992-93 budget. We have requested an additional 13 positions in our 1993-94 budget.

Although we are allocated 113 dispatchers, we only have 86 full time equivalents currently on staff. They are supplemented by 16 police officers, who have been taken off their regular police assignments and by an average of 500 hours of overtime a pay period (this had been 800 hours until recently). The reduced average overtime equals 13,000 hours a year which, when divided by 1632 hours a year per full-time equivalent (FTE), comes to eight (8) full-time equivalents.

We are therefore functioning today with 110 FTEs and not approaching our response time goals i.e., answering 95% of all 0123 (non-emergency) calls within 45 seconds; answering 95% of all 911 (emergency) calls within 10 seconds and answering 75% of them within five (5) seconds.

In order to adequately staff Communications phone lines and the nine radio channels we would need 23 dispatchers for the day watch, 23 for the swing watch and 21 for the midnight watch. These 67 positions for 8 hours a day and 365 days a year would come to 120 FTEs (67 x 8hrs. x 365 = 195,640 divided by 1632 hours per year FTE = 120).

This number of 120 FTEs takes into consideration that employees use vacation time, sick time, and holidays off. It does not include people on long-term leaves be they maternity, personal, workers comp, SDI, or disciplinary leaves. There are eight dispatchers on leave at this writing.

This number of 120 FTEs does not consider the long lag-time between the hiring of a dispatcher and the eight to 12 months of training before they are ready to handle calls on their own. In the time it takes to train 14 dispatchers, seven veteran dispatchers will have left the Department.

In order to have 120 dispatchers working in Communications, the Department should budget at least 12 extra positions to compensate for long-term leaves and the training lag-time. In recognition of the fiscal constraints, the Department has elected to compromise with its request of 126 8238 Dispatchers.

567673

Item 8 - File 101-92-52

Department: Police Department

Item: Supplemental Appropriation Ordinance for permanent salaries and related mandatory fringe benefits for the Police Department, and providing for ratification of action previously taken.

Amount: \$27,901

Source of Funds: General Fund Reserve

Description: The Police Department is proposing to use the \$27,901 supplemental appropriation to fill four vacant positions which are included in the Department's 1992-93 budget. The four positions include two 1424 Clerk Typists and two 1426 Senior Clerk Typists. The Police Department advises that these four positions would be used to assist in the easing of jail overcrowding.

According to the Police Department, the two 1424 Clerk Typists and one of the 1426 Senior Clerk Typists would be assigned to the Police Department's Report Entry Unit, where these positions are currently vacant. The Police Department states that these vacancies have resulted in a backlog of entering arrest reports. The Police Department advises that over 600 arrest reports are made each day, of which over 100 are felony arrest reports. According to the Police Department, without adequate personnel to enter the reports, a domino effect takes place wherein Police Inspectors are delayed in processing case information for the District Attorney's Intake Unit, and the District Attorney in turn cannot make a timely determination regarding which cases can be adjudicated without incarceration. The Police Department advises that these delays in case processing ultimately contribute to the jail overcrowding situation. The Police Department reports that the remaining 1426 Senior Clerk Typist would be assigned to work in conjunction with the District Attorney's Office to assist in facilitating the flow of case documents to aid in the expeditious release of prisoners that are eligible for release.

According to a report dated February 18, 1993, which was prepared by the Sheriff's Department, San Francisco's jail population has virtually doubled in the last decade, increasing from an average of about 1,200 persons daily to an average of almost 2,400. The State Department of Corrections has rated the City's jail facilities capable of adequately holding 1,652 persons on average or 748 persons less than the 2,400 daily

current average. The Sheriff's report advises that pursuant to a Federal court order, which has placed a cap of 426 persons on County Jail #1, the booking facility at the Hall of Justice, the City is releasing sentenced prisoners after they have served only 70 percent of their sentences as a method of reducing population and avoiding contempt citations and fines by the Federal court. The report additionally states that the deficiency in jail space has led to lawsuits for overcrowding, contempt fines, and the need to rent jail space in Alameda County. As a result of these jail overcrowding problems, the Police Department is now requesting monies to fill the four vacant positions described above to assist in easing jail overcrowding.

The Police Department has advised that the earliest the four positions can be filled is April 19, 1993. The actual amount required to fill the four positions effective April 19, 1993 is \$26,752 or \$1,149 less than the \$27,901 requested.

The budget details for the \$27,901 requested amount, as well as the \$26,752 actual amount required, based on the positions being filled effective April 19, 1993, is shown below:

<u>Personnel</u>	<u>Requested Amount</u>	<u>Actual Amount Required</u>	<u>Difference</u>
1424 Clerk Typist (2)	\$10,602	\$10,134	\$468
1426 Senior Clerk Typist(2)	11,439	11,098	341
Fringe Benefits	<u>5,860</u>	<u>5,520</u>	<u>340</u>
Total	\$27,901	\$26,752	\$1,149

Comment: The proposed ordinance includes a provision for ratification of action previously taken. However, as noted above, the Department has advised that the earliest date that these four positions can be filled is April 19, 1993. Since the positions remain unfilled and no expenditures have been incurred against the proposed supplemental appropriation, the proposed ordinance should be amended to delete the reference to ratification of action previously taken.

- Recommendations:**
1. Amend the proposed ordinance to delete the reference to ratification of action previously taken.
 2. Amend the proposed ordinance to reduce the supplemental appropriation amount by \$1,149 (\$809 in salaries and \$340 in fringe benefits) from \$27,901 to \$26,752.
 3. Approve the proposed ordinance as amended.

BOARD OF SUPERVISORS
BUDGET ANALYST

Item 9 - File 101-92-54

Department: Sheriff Department

Item: Supplemental appropriation ordinance for materials and supplies for food and clothing for inmates.

Amount: \$750,000

Source of Funds: General Fund General Reserve

Description: The Sheriff's Department submitted a supplemental appropriation request to the Mayor's Office in January 1993, for materials and supplies and workers compensation in the amount of \$1,728,300. Of this requested amount, the Mayor's Office approved a supplemental appropriation amount of \$750,000 for food and clothing only.

The Sheriff's Department is now projecting a \$1,820,822 combined deficit in its materials and supplies account (\$1,629,965), which includes food and clothing, and in its Workers Compensation account (\$190,857). According to Ms. Babe Franey of the Sheriff's Department, the projected \$1,629,965 materials and supplies deficit is due to the following: 1) the \$4,607,978 amount allocated to Materials and Supplies for FY 1992-93 was 6 percent less than the \$4,905,969 budgeted for Materials and Supplies for FY 1991-92, 2) the prisoner population increased by approximately 206 inmates (or 10 percent), from 2,044 inmates to approximately 2,250 inmates from July 1992 through December 1992, which increased the amount of materials and supplies needed, and 3) outstanding food bills from FY 1991-92 (totalling approximately \$114,518) were paid with FY 1992-93 funds. Additionally, Ms. Franey reports that the Sheriff received a 30 percent decrease in Workers Compensation from \$817,084 in FY 1991-92 to \$571,851 for FY 1992-93. Ms. Franey advises that based on the Workers Compensation expenditures charged by the San Francisco Employees Retirement System for year-to-date expenditures in the Sheriff's department, there is a projected shortfall of \$190,857.

The Sheriff's Department advises that the proposed supplemental appropriation amount of \$750,000 would be used to fund \$568,000 for food and \$182,000 for clothing. The proposed supplemental appropriation would reduce the projected materials and supplies deficit by \$750,000 from \$1,629,965 to \$879,965 and the total projected deficit for both materials and supplies and workers compensation from \$1,820,822 to \$1,070,822 as follows:

<u>1992-93 Annual Budget for Materials and Supplies*</u>	\$4,607,978
Actual Expenditures 7/1/92 through 1/31/93	(4,438,470)
Estimated Expenditures 1/31/93 through 6/30/93	<u>(1,799,473)</u>
Projected Materials and Supplies Deficiency for FY 92-93	(\$1,629,965)
Proposed Supplemental Appropriation	<u>750,000</u>
Revised Projected Materials and Supplies Deficiency	(\$879,965)
<u>1992-93 Annual Budget for Workers' Compensation</u>	\$571,851
Actual Expenditures 7/1/92 through 2/28/93	(508,472)
Estimated Workers Compensation Expenditures for 3/1/93 through 6/30/93	<u>(254,236)</u>
Projected Workers' Compensation Deficiency	<u>(190,857)</u>
Total Projected Deficit Balance	(\$1,070,822)

*Materials and Supplies includes food, clothing, office and cleaning supplies and revolving fund expenses.

Comment:

The Sheriff's Department advises that of the remaining \$1,070,822 deficit, the projected materials and supplies deficit of \$879,965 would be funded by using surplus funds from other departmental accounts as well as through cutbacks of housekeeping and cleaning services, and a possible reduction of contract bed services. Additionally, the Sheriff reports that the \$190,857 Workers Compensation projected deficit will be funded from other sources. The Sheriff states that if the above measures prove not to be sufficient to fund the remaining deficit, an additional supplemental appropriation request would be submitted to the Board of Supervisors at a later date.

Recommendation: Approve the proposed supplemental appropriation ordinance.

BOARD OF SUPERVISORS
BUDGET ANALYST

Item 11 - File 101-92-55

Department: Sheriff's Department

Item: Supplemental appropriation ordinance for overtime pay.

Amount: \$692,702

Source of Funds: General Fund General Reserve

Description: The Sheriff's Department has advised that their 1992-93 budget does not contain sufficient overtime funds to address the total impact of jail overcrowding. According to Ms. Babe Franey of the Sheriff's Department, overcrowded jails generally require increased overtime usage in two ways: 1) the potential for harm to both deputies and inmates is more likely (i.e. riots) which would deplete the deputy staff on hand when deputies would be on temporary disability leave and when deputies are required to accompany inmates to the hospital, resulting in the need for other deputies to work overtime; and 2) the additional daily transportation of inmates between various jail facilities to alleviate overcrowding requires more deputies for transportation duties which also results in fewer deputies for regular duties. The Sheriff's Department reports that the prisoner population has increased by approximately 206 inmates (approximately 10 percent) since July 1, 1992, from approximately 2,044 inmates to approximately 2,250 inmates.

The Sheriff's Department states that the extensive use of overtime is directly related to high jail population, increased violence, and increased security concerns. According to the Sheriff's Department, the proposed supplemental appropriation would provide the Sheriff with the additional staffing needed to protect inmates in custody and to transport prisoners between the Hall of Justice, the San Bruno Jail Complex and the Alameda County Jail (where overflow inmates are housed under a contract with Alameda County), as well as to other bay counties, mental institutions and state prisons.

The proposed supplemental appropriation request of \$692,702 is \$1,838 more than the Department's actual projected deficiency of \$690,864 as follows:

1992-93 Annual Budget for Overtime	\$373,411
Administrative Transfers (unused holiday pay)	84,687

Total Available Funding in 1992-93 Budget \$458,098

BOARD OF SUPERVISORS
BUDGET ANALYST

Actual Expenditures	
7/1/92 through 2/28/93	(758,469)
Estimated Expenditures	
2/28/93 through 6/30/93	(390,493)
Estimated Deficiency	(\$690,864)
Proposed Supplemental Appropriation	<u>692,702</u>
Proposed Reduction by Budget Analyst	\$1,838

Comments:

1. The Sheriff's Department reports that the \$458,098 in available funding in the 1992-93 budget was expended as of December 31, 1992. Ms. Franey reports that in September 1992, the Sheriff requested the proposed supplemental appropriation for additional overtime funding in the amount of \$816,493. Mr. Roger Depauw of the Sheriff's Department advises that the Mayor's Office reduced the amount of the supplemental appropriation from \$816,493 to \$692,702 based on the hiring of additional deputies in February, 1993 which reduced the overall overtime amount needed.

2. Ms. Franey reports that the City is under a Federal Consent Decree with respect to County Jail #1, located at the Hall of Justice, which also contributes to the use of overtime. Mr. Dennis Aftergut of the City Attorney's Office advises that if County Jail #1 falls even one Deputy short of the 92 deputies mandated by the Consent Decree to be on staff at all times, the Federal Court could impose a penalty of \$250 per day on the City for each day that such a shortage occurs. Mr. Dennis Aftergut advises that the City was held in contempt for being understaffed at County Jail #1 in April 1992. Mr. Aftergut indicates that the facility may be understaffed at the present time as well.

3. Since the actual projected deficit is \$690,864 (or \$1,838 less than the proposed supplemental appropriation of \$692,702), the proposed supplemental appropriation of \$692,702 should be reduced by \$1,838 to reflect a supplemental appropriation amount of \$690,864.

Recommendations: 1. Amend the proposed supplemental appropriation ordinance to reduce the proposed supplemental appropriation for overtime by \$1,838 from \$692,702 to \$690,864.

2. Approve the proposed supplemental appropriation ordinance as amended.

BOARD OF SUPERVISORS
BUDGET ANALYST

Item 12 - File 101-92-57

Department: Chief Administrative Officer (CAO)

Item: Supplemental Appropriation Ordinance appropriating \$500,000 for Fire Benefit Assessment District Project, placing \$60,042 on reserve.

Amount: \$500,000

Source of Funds: General Fund - General Reserve

Description: The proposed supplemental appropriation ordinance would appropriate \$500,000 for studies to determine the feasibility of establishing a Fire Benefit Assessment District, and place \$60,042, earmarked for contingencies for this project, on reserve.

A number of publicly provided services, such as fire suppression services, increase the value of property which is privately owned. The City is authorized (in accordance with its powers under the State Constitution) to establish a special benefit assessment district in order to recover from property owners all or part of the financial benefits ("windfalls") which accrue to the owners of private property as the result of publicly-provided services.

Such a special benefit assessment could be used to finance fire suppression services. If the special benefit assessment were imposed, then General Fund monies in an equivalent amount, which would otherwise be budgeted for fire suppression activities of the Fire Department, could be used to fund other General Fund City services.

In order to impose a special benefit assessment for fire suppression services, the City is required, among other things, to document the relationship between publicly provided fire suppression services and the increase in property values which can be attributed to these services. Mr. Buck Delventhal of the City Attorney's Office states that this economic analysis provides the "evidentiary basis" for a special benefit assessment, and he advises that such analysis should be performed by professional consultants with expertise in economic analysis.

Based on the economic analysis demonstrating the relationship between property values and publicly provided fire suppression services, the City must develop a formula which allocates the City's cost of providing fire suppression services according to the level of fire suppression benefits which different properties enjoy.

Ms. Mary Jane Sylvia of the City Attorney's Office states that three teams of consultants are currently being solicited, as follows: 1) legal consultants to provide independent review of the work of the City Attorney's Office; 2) fire engineering consultants to develop a formula to allocate fire suppression costs across the City's properties, based on physical attributes of the property; and 3) economic consultants to provide expert opinion concerning the relationship between publicly provided fire suppression services and property values. The proposed supplemental appropriation ordinance would fund the studies required to determine the feasibility of forming a Fire Benefit Assessment District, as follows:

Fire Engineering Consultant \$67,000

Fire engineering consultant services are required to develop a formula for assessing the benefits of fire suppression services to each parcel of property in the city.

Real Estate Expert Witness 30,000

A real estate expert witness will testify before the Board of Supervisors regarding the connection between property values and the availability of fire suppression services.

Outside Legal Counsel 25,000

The City Attorney's Office requires specialized assistance from outside legal counsel to assist in developing the required legal foundation for the district. The scope of services is as follows: 1) Review of finance options available to the City and County; 2) review of Administrative Code provisions that provide procedures for the establishment of the assessment district, the assessment, and public protest; 3) review the assessment formula; 4) review of legislation and reports submitted to the Board of Supervisors; 5) assist with the development of expert testimony; and 6) assist in providing advice during the public hearing and protest procedures.

Assessment Notices \$100,000

The costs associated with producing assessment notices for each of the approximately 170,000 parcels in the City. According to Mr. Steve Nelson of the CAO's Office, such a mailing is required before the Board of Supervisors can finally act on formation of the district.

Assessor's Office--Appraiser 219,708

Data on the Assessor's computer file will be used to generate individual assessments. The Assessor's Office estimates that data on the file is only 90% complete. This means that approximately 17,000 parcels have incomplete information. Some of this information may be obtainable through a search of the Assessor's manual files. An Appraiser must investigate each of these 17,000 parcels in order to validate the data. At 1/2 hour per parcel, the Assessor's Office estimates that the 17,000 parcels will require 8,500 hours of Appraiser time. A Civil Service 4261 Real Property Appraiser at \$24 per hour for 8,500 hours is \$204,000 plus fringe benefits of \$15,708 totals \$219,708.

Assessor's Office--Assessment Clerks 18,750

The CAO's Office expects that a large number of persons will protest paying assessments or will contest the amount of the assessment. Three Assessment Clerks for a two-month period from May 1, 1993 through June 30, 1993 (4.3 biweekly pay periods) will initially be needed to handle the influx of calls and letters from protesting persons. Three Civil Service 4202 Assessment Clerks at \$1,197 for 4.3 biweekly pay period is \$15,441 plus \$3,309 for fringe benefits is \$18,750.

Contingency 39,542

This request includes approximately 8 percent for contingencies.

Total Proposed Supplemental Appropriation \$500,000

Regarding selection of two fire engineering consulting firms, according to Ms. Sylvia of the City Attorney's Office, the qualifications for fire engineering consultants sought by the City Attorney's Office were expertise in real estate accounting, appraisal, economics, financial analysis. The scope of services provided by fire engineering consultants

include the development of the formula by which the total costs and expenses allocated to the fire protection district are allocated among assessed properties, preparation of a written report. Fire engineering consultants are expected to provide expert testimony before the Board of Supervisors.

Six fire engineering firms located in the Bay Area were solicited. Due to the complexity of services which the project requires, two firms were selected, one to develop an assessment formula and the other to serve as a reviewer. These firms are neither MBE or WBE firms. Schirmer Engineering and Rolph Jensen and Associates were selected through an interview process. The rates for fire engineering consultants are as follows:

	Hours	Composite Hourly Rate	Fee
Schirmer Engineering	250	\$191	\$47,900
Rolph Jensen and Ass.	<u>100</u>	191	<u>19,100</u>
Total	350		\$67,000

Schirmer Engineering will perform the following services:

- 1) Develop an assessment formula
- 2) Develop a written justification for that formula
- 3) Provide expert testimony before the Board of Supervisors.

Rolph Jensen and Associates will perform the following services:

- 1) Review and critique the methodologies used in the development of the formula by Schirmer Engineering.
- 2) Critique preliminary draft of justifying formula, and provide recommendations.

Regarding outside legal counsel, according to the Ms. Sylvia, the City Attorney's Office contacted all law firms included in the Minority Counsel Program of the San Francisco Bar Association. A Request for Proposal (RFP) was submitted to all certified law firms listed in the Human Rights Commission's directory. Three law offices submitted proposals and were interviewed. Orrick, Herrington, and Sutcliffe Law Firm in Joint Venture with Arnelle & Hastie Law Office which is a certified MBE was selected for \$25,000 for 80 hours at an average hourly rate at \$313 per hour.

Ms. Sylvia states that the selection process for the Real Estate expert witness is still under way and is not expected to

BOARD OF SUPERVISORS
BUDGET ANALYST

be completed until April 16, 1993. 27 consultant firms listed in the Human Rights Commission (HRC) Directory were contacted. Of the 27, four certified MBE/WBE and nine noncertified MBE/WBE firms were requested to submit proposals. The deadline for proposals is April 2, 1993. Services provided by the real estate expert witness is estimated by the CAO's Office to cost \$30,000 for 125 hours at an average hourly rate of \$240 per hour.

Comments:

1. Should the proposed studies indicate and the Board of Supervisors concur with the feasibility of forming a special benefit assessment district, it would be necessary for the Board of Supervisors to enact enabling legislation authorizing the creation of a special benefit assessment district, and to adopt a Resolution of Intention which, 1) finds that fires suppression services enhance the value of property, 2) states the intention of the Board of Supervisors to create a special benefit assessment district for fire suppression services, 3) defines the boundaries of the district, and 4) provides for public notice and a public hearing concerning the proposed special benefit assessment district. According to Mr. Nelson, the proposed consulting services must be accomplished in order to provide the basic feasibility information required to decide to form a special benefit assessment district.

2. As noted above, the proposed ordinance would place \$60,042 for contingencies on reserve. However, the CAO now reports that the actual amount budgeted for contingencies is \$39,542. Therefore, the proposed ordinance should be amended to reflect an amount of \$39,542 be placed on reserve for contingencies, instead of \$60,042. Additionally, as previously noted, the CAO advises that the Real Estate expert witness has not, as yet, been selected. As such, the proposed ordinance should also be amended to reserve an additional \$30,000 pending the selection of the contractor, determination of the professional hours, hourly billing rates and MBE/WBE status. This \$30,000, brings the total amount to be placed on reserve to \$69,542.

Recommendations: 1. Amend the proposed supplemental appropriation ordinance to reflect \$39,542 be placed on reserve for contingencies, instead of \$60,042.

2. Amend the proposed supplemental appropriation ordinance to reserve \$30,000 for the Real Estate expert witness pending selection of the contractor, determination of professional hours, hourly billing rates and MBE/WBE status.

BOARD OF SUPERVISORS
BUDGET ANALYST

3. Approval of the proposed supplemental appropriation ordinance as amended is a policy matter for the Board of Supervisors.

Item 13 - File 97-93-12

Department Police Department

Item: Ordinance amending the Administrative Code by adding Section 10-169-9 to establish a revolving fund of \$60,000 for reimbursable police travel expenses.

Amount: \$60,000

Source of Funds: General Fund

Description: The proposed ordinance would add a new Section 10-169-9 to the Administrative Code to establish a revolving fund of \$60,000 for the Police Department. The purpose of the fund would be to reimburse uniform personnel for travel costs related to police tasks including (1) the extradition of prisoners wanted for or convicted of felonies, (2) the in-State pick-up or transfer of prisoners, and (3) in or out-of-State travel for purposes of crime investigation.

According to the City's Purchasing Procedures Manual, revolving funds are established to accommodate the need for petty cash, urgent, non-recurring purchases and small repairs. As revolving fund purchases deplete the revolving fund, Direct Payment Vouchers are submitted to the Controller's Office. These Direct Payment Vouchers provide a detailed list of all expenditures and the source of funds. The Controller's Office subsequently replenishes the department's revolving fund for the amount of the Direct Payment Voucher.

The Police Department advises that the State Department of Corrections reimburses the City for uniform personnel travel costs associated with the extradition of prisoners. Officer Tom Strong of the Police Department reports that for fiscal years 1990-91 and 1991-92 the Police Department performed an average of approximately 38 extraditions annually at an average travel cost of \$2,405 for each extradition, for a total annual average cost of approximately \$91,390. According to Officer Strong, the State reimburses the City for these travel costs on an individual basis for each extradition performed by the Police Department.

The Police Department reports that the uniform personnel travel costs for in and out-of-State travel for purposes of crime investigation and for the pick-up and transfer of prisoners in-State, is paid for by General Fund monies. Officer Strong reports that the Police Department incurred a total of \$5,126 and \$5,690 respectively, for fiscal years 1990-91 and 1991-92 or

a total of \$10,816 for 24 trips (an average of 12 trips per year) in connection with the pick-up and transfer of prisoners and crime investigation.

Comments

1. Officer Strong advises that the Police Department has been using the Police Chief's Contingent Fund to pay for the travel costs associated with the extraditions, as well as those travel costs connected with the pick-up and transfer of prisoners and crime investigation. However, a recent audit by the Controller's Office found that the Police Department's use of the Police Chief's Contingent Fund for this purpose was not consistent with the intent of the Charter with regard to how the Contingent Fund is to be used. As such, the Police Department, on the recommendation of the Controller's Office, is now requesting that a revolving fund be established to pay for these travel costs.

2. The Budget Analyst has reviewed the Police Department's requirements for the reimbursement to uniform personnel of travel costs related to police tasks and concurs that the proposed revolving fund should be established in the amount of \$60,000 as requested.

Recommendation: Approve the proposed ordinance.

Item 14 - File 161-92-5.2

Department San Francisco Redevelopment Agency (SFRA)

Item: Resolution approving an amendment to the 1992-93 budget of the San Francisco Redevelopment Agency to establish a category of expenditure for a proposed Federal Office Building Project.

Amount: \$975,000

Source of Funds: Revenues from one percent financing fee from the developer of Bayside Village housing development in the Rincon Point - South Beach Project to be allocated to the proposed Federal Office Building Project

Description: The Mayor has designated the San Francisco Redevelopment Agency (SFRA) to establish a project area that would facilitate the acquisition and disposition of property at Market and 11th Streets by the SFRA for a proposed new Federal Office Building in San Francisco (see Item 15, File 161-93-1 of this report to the Budget Committee). On November 13, 1992, the Mayor, the Bank of America (current owner of the property), the Federal General Services Administration (GSA) and the SFRA executed two Memoranda of Understanding (MOU's). The first MOU is between the Mayor, the SFRA and the Bank of America and the second MOU is between the Mayor, the SFRA and the GSA. The MOUs outline the transaction and commit the parties involved to pursue the acquisition and disposition of the proposed site for the proposed Federal Office Building in good faith, subject to all necessary legislative and environmental approvals.

The first MOU states that the SFRA and the Bank of America have reached an understanding that the proposed site would be sold by the Bank of America to the SFRA for a purchase price of \$4.0 million, plus the cost of demolition, plus any out-of-pocket relocation assistance expenses paid by the Bank of America, less any cost to the SFRA for the remediation of hazardous substances on the proposed site. The conveyance would be subject to SFRA approval and acceptance of an environmental inspection report with respect to hazardous substances on the site and remediation of matters identified in the inspection report which is satisfactory to the responsible regulatory agencies.

The second MOU states that the Mayor seeks to assist the GSA in acquiring a suitable site in San Francisco so that Federal employees, pending relocation from several other San Francisco office buildings, can remain and be centralized at a suitable site in the City. As an alternative, GSA would move several hundred Federal employees to a new location outside of San Francisco. After purchasing this Bank of America building for \$4 million, the SFRA would sell the building to the GSA for \$1.00. SFRA would pay for the cost of demolishing the building for the purposes of GSA planning, designing and building a new Federal office building. The cost of the new building would be fully paid for by the Federal Government. Mr. Edwin Thomas, GSA Regional Administrator has indicated that the proposed property currently owned by the Bank of America would be a suitable site for a new Federal office building but the Federal Government is only willing to pay \$1.00 for this current building and is not willing to pay for the relocation and demolition costs which are currently estimated to cost \$1,850,000 (\$750,000 for relocation and \$1,100,000 for demolition).

In separate legislation, the Board of Supervisors has been requested to designate and describe a Redevelopment Survey Area at Market and 11th Streets for the proposed new Federal Office Building (FOB) project area site (see Item 15, File 161-93-1 of this report to the Budget Committee).

The proposed resolution would amend the SFRA's 1992-93 budget by adding \$975,000 from revenues generated by fees from the firms, Forest City Dillon, Inc. and General Atlantic Corporation, the developers of Bayside Village (868 rental units of which 174 units are set-asides for low and moderate income tenants) in the Rincon Point - South Beach Project. The \$975,000 in developers fees would then be used by the SFRA to pay for the following expenses related to the proposed Federal Office Building (FOB) Project:

<u>Description</u>	<u>Amount</u>
Acquisition of the Bank of America property (escrow deposit)	\$200,000
Relocation	300,000
Planning (\$25,000) & Environmental (\$25,000)	50,000
Fiscal Analysis - Merger with other projects (see Comment 3)	75,000
Engineering & Appraisal	60,000
Legal	175,000
Allocation of Staff Time	<u>115,000</u>
Total	\$975,000

BOARD OF SUPERVISORS
BUDGET ANALYST

Comments:

1. The proposed budget amendment includes an estimated \$115,000 for the allocation of staff time in support of pre-development costs for the Federal Office Building (FOB) project. Because staff time has already been fully budgeted for 1992-93, and is to be reallocated for the proposed FOB project, the \$115,000 of the \$975,000 to be provided from fees paid by Forest City Dillon, Inc. and General Atlantic Corporation, the developers of the Rincon Point - South Beach Bayside Village, represents an additional revenue which can be used as a source of revenue to fund staff costs in support of the FOB project in the SFRA's 1993-94 budget.

2. The proposed resolution to amend the 1992-93 SFRA budget should be amended to identify that additional revenues from the Rincon Point - South Beach Project developer's fee will pay for the proposed \$975,000 in pre-development expenditures identified in this legislation.

3. It is SFRA's intention to merge the proposed Federal Office Building (FOB) project area with SFRA's other project areas to permit surplus tax increment revenues from other SFRA project areas to be transferred and expended on acquisition and related costs in the FOB project area. Such costs would be identified in the SFRA's 1993-94 budget and subsequent annual budgets. Currently, such acquisition costs and related expenses identified in a preliminary 1993-94 SFRA budget are as follows:

Acquisition and demolition* of the Bank of America building	\$4,900,000
Relocation of existing tenants	450,000
Outside legal counsel	50,000
Engineering studies	10,000
Environmental impact review/project plan	50,000
Allocation of staff time and overhead costs	<u>304,000</u>
	\$5,764,000

* The cost of demolition is estimated to be \$1,100,000 based on a proposed purchase price of \$4,000,000 for a total cost of \$5,100,000. A \$200,000 deposit placed into escrow which is identified in this legislation, results in a net cost above of \$4,900,000.

4. Mr. Robert Gamble of the SFRA advises that the above estimated \$5,764,000 for the proposed FOB project in the preliminary 1993-94 SFRA budget would come from tax increment financing. Under these circumstances Mr. Gamble

BOARD OF SUPERVISORS
BUDGET ANALYST

advises that it would be necessary to merge the proposed FOB project with SFRA's other project areas to permit tax increment funds from existing project areas to pay for the anticipated FOB expenditures. The Budget Analyst has noted that the salary savings to be generated by the developer's fee identified in Comment No. 1 above could be used to reduce the anticipated tax increment costs by \$115,000 from \$5,764,000 to \$5,649,000.

5. To correct a clerical error, the proposed resolution should be amended to substitute Resolution No. 652-92 (File No. 161-92-4) for Resolution No. 513-92 which approves the SFRA's 1992-93 budget as amended by the Board of Supervisors.

Recommendation: 1. Amend the proposed legislation as follows:

- a. Page 1, Line 18, after the word "that" add the phrase "Bayside Village developer's fees will pay for", as discussed in Comment No. 2 above; and
 - b. Page 2, Lines 6 and 7, delete the phrase "by Resolution No. 513-92 on June 22, 1992, and substitute the phrase "as amended by Resolution No. 652-92 on July 27, 1992", as discussed in Comment No. 5 above.
2. The approval of the proposed budget amendment is contingent upon the approval of companion legislation (under Item 15, File 161-93-1) of this Budget Analyst's report to the Budget Committee, which would designate a redevelopment survey area for the proposed Federal Office Building (FOB) project.
3. Approval of this proposed resolution which would result in the SFRA (a) purchasing the Bank of America building at Market and 11th Streets for \$4,000,000, (b) paying an estimated \$1,850,000 in relocation and demolition costs and (c) then selling this resulting vacant land to the Federal Government for \$1.00, is a policy matter for the Board of Supervisors.

Item 15 - File 161-93-1

Note: This item was transferred to the Budget Committee from Housing and Land Use for Fiscal Impact

Department: San Francisco Redevelopment Agency (SFRA)

Item: Resolution designating and describing a Redevelopment Survey Area within the City and County of San Francisco pursuant to the California Community Redevelopment Law (see Item 14, File 161-92-5.2 of this report to the Budget Committee)

Description: Section 33310 of the California Community Redevelopment Law provides that the legislative body of the City may designate a Survey Area (a potential project site), by resolution for the purpose of studying the feasibility of establishing a redevelopment project area. If it is feasible, a preliminary plan for the property would be proposed, including a land use plan which would describe how the land will be used and would determine the vehicle for implementation of the plan (i.e. redevelopment). The SFRA reports that an area within the City (the proposed Survey Area) has been identified by the SFRA as a possible redevelopment project area for a Federal Office Building Project. The proposed Survey Area is located south of market and is bounded by Market, 10th, Mission, and 11th Streets (see Attachment). A portion of Jessie Street (located between 10th and 11th) would be vacated if the proposed Survey Area were to be approved as the site for a Federal Office Building Redevelopment Project.

If the proposed Survey Area is adopted, the SFRA reports that it would conduct a study to determine if a redevelopment project or other projects within the proposed Survey Area are feasible.

Comments: 1. Mr. Robert Firehock of the SFRA advises that establishing a Survey Area is required pursuant to the California Community Redevelopment Law as the first step in establishing a redevelopment project area. The designation of the proposed Survey Area will give the Redevelopment Agency the legal authority to acquire and dispose of the site and to begin planning for a redevelopment project area. If the proposed Survey Area is adopted, the SFRA will study the feasibility of establishing a project area in the Survey Area. The SFRA indicates that with respect to this proposed Survey Area, the feasibility study is intended to reveal whether or not the proposed site contains potentially hazardous substances that would be associated with the removal of fuel storage tanks

BOARD OF SUPERVISORS
BUDGET ANALYST

on the Proposed Survey Area as well as unknown soil conditions.

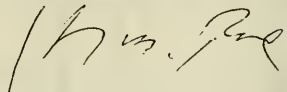
2. Mr. Firehock advises that the cost of studying the feasibility of the proposed Survey Area for establishment of a project area is estimated not to exceed \$25,000. The SFRA indicates that the \$25,000 for the feasibility study is included in a proposed budget amendment which has been submitted to the Board of Supervisors and will be subject to separate legislative approval (see Item 14 - File 161-92-5.2).

Recommendation: Approval of the proposed resolution is a policy matter for the Board of Supervisors.



Item 16 - File 100-92-12.1

This item is a hearing to consider a report by the Mayor and the Controller updating the 1992-93 fiscal year budget status including the projected shortfall of revenue from Property Taxes and Business Taxes. According to Mr. Ed Harrington, City Controller, the subject report is still in progress and should be completed by the April 1 hearing of the Budget Committee.



Harvey M. Rose

cc: Supervisor Migden
Supervisor Hsieh
President Alioto
Supervisor Achtenberg
Supervisor Bierman
Supervisor Conroy
Supervisor Hallinan
Supervisor Kaufman
Supervisor Kennedy
Supervisor Maher
Supervisor Shelley
Clerk of the Board
Chief Administrative Officer
Controller
Teresa Serata
Barbara Kolesar
Ted Lakey

REVISED

DOCUMENTS DEPT.

APR - 1 1993

SAN FRANCISCO
PUBLIC LIBRARY

An existing contract with the joint venture of EQE Engineering and AGS (AGS is a Minority Business Enterprise firm) includes the performance of the geotechnical study of the fireboat headquarters building at Pier 22 1/2 as well as seismic geotechnical studies of six other City building including the Hall of Justice, Central Police Station, Richmond Branch of the Public Library, the Controller's Information Services Division building at 240 Van Ness, the City Hall Annex at 450 McAllister Street and Brooks Hall.

The proposed geotechnical study would be of the pier itself that is the foundation for the fireboat headquarters building. The existing contract with the joint venture of EQE Engineering and AGS would be modified to include a study of the pier in addition to the study of the fireboat headquarters building. Mr. George White of the Department of Public Works, Bureau of Engineering indicates that retaining the services of EQE Engineering and AGS would utilize their expertise and experience in studying the fireboat headquarters building.

The contract budget including the hours and hourly rates for EQE Engineering and estimated subcontractor (AGS) costs is as follows:

	<u>Hours</u>	<u>Hourly Rate</u>	<u>Total Cost</u>
<u>EQE Engineering</u>			
Principal In Charge	8	\$120	\$960
Project Manager	44	100	4,400
Engineer	106	80	8,480
Draftsperson	<u>28</u>	60	<u>1,680</u>
Subtotal EQE Engineering	186		<u>\$15,520</u>

<u>AGS</u>		
Geotechnical Investigation		\$28,040
Seismic Strengthening Cost Estimating		<u>3,000</u>
Subtotal AGS		<u>\$31,040</u>

Subcontractor Markup (10% of subcontractor cost for EQE Engineering to administer subcontractor)	<u>\$3,100</u>
--	----------------

Total Proposed Contract	\$49,660*
-------------------------	-----------

*The \$60 excess by which the contract cost exceeds the reserved funding available will come from surpluses in other AWSS accounts.

BOARD OF SUPERVISORS
BUDGET ANALYST

Item 1c - File 101-92-33.1

Department: Fire Department

Item: Release of reserve of 1986 Fire Protection System Improvement Bond Series 1991B funding for geotechnical study

Amount: \$49,600

Source of Funds: Interest earned on balances of 1986 Fire Protection System Improvement Bonds proceeds between the time that the bonds were sold and the time that the bond proceeds were expended.

Description: In November of 1986, San Francisco voters approved the issuance of \$46.2 million in Fire Protection System Improvement Bonds (Proposition A) to finance improvements to the City's Auxiliary Water Supply System (AWSS). The AWSS is a system of reservoirs, pipelines, and pump stations which will provide a source of water for fire protection in the event that the main water supply system fails, as it did following the 1906 earthquake.

The City sold \$31 million of these bonds in 1987 and the \$15.2 million balance (\$46.2 less \$31 million) of the bonds in 1991. However, although the bonds were sold and the proceeds were appropriated, the proceeds were not immediately expended.

In February, 1993 the Board of Supervisors appropriated a total of \$2,132,044 of the accumulated interest to purchase 20 emergency generators for Fire Stations (\$1,000,000), to construct eight water supply cisterns in the Richmond, Sunset and Marina Districts (\$1,082,444) and to fund a geotechnical study of Pier 22 1/2, also known as Fire Station 49 (\$49,600). The \$49,600 for the geotechnical study was reserved pending selection of the consultant and determination of cost details (including hourly rates) and MBE/WBE status of the consultant.

The City's two fireboats, the Phoenix and the Guardian, are berthed at the Port at Pier 22 1/2. In order to seismically strengthen Fire Station 49 to withstand earthquakes, a geotechnical study is required to determine the special requirements for strengthening both a building which serves as the fireboat headquarters and the pier that is the foundation for the fireboat headquarters building.

REVISED

current average. The Sheriff's report advises that pursuant to a Federal court order, which has placed a cap of 426 persons on County Jail #1, the booking facility at the Hall of Justice, the City is releasing sentenced prisoners after they have served only 70 percent of their sentences as a method of reducing population and avoiding contempt citations and fines by the Federal court. The report additionally states that the deficiency in jail space has led to lawsuits for overcrowding, contempt fines, and the need to rent jail space in Alameda County. As a result of these jail overcrowding problems, the Police Department is now requesting monies to fill the four vacant positions described above to assist in easing jail overcrowding.

The budget details for the request of \$27,901 to provide funding for the period from April 21, through June 30, 1993 is as follows:

1424 Clerk Typist (2)	\$10,602
1426 Senior Clerk Typist(2)	11,439
Fringe Benefits	<u>5,860</u>
Total	\$27,901

Comment:

The proposed ordinance includes a provision for ratification of action previously taken. Since the positions remain unfilled and no expenditures have been incurred against the proposed supplemental appropriation, the proposed ordinance should be amended to delete the reference to ratification of action previously taken.

Recommendations: 1. Amend the proposed ordinance to delete the reference to ratification of action previously taken.

2. Approve the proposed ordinance as amended.

Item 8 - File 101-92-52

Department: Police Department

Item: Supplemental Appropriation Ordinance for permanent salaries and related mandatory fringe benefits for the Police Department, and providing for ratification of action previously taken.

Amount: \$27,901

Source of Funds: General Fund Reserve

Description: The Police Department is proposing to use the \$27,901 supplemental appropriation to fill four vacant positions which are included in the Department's 1992-93 budget. The four positions include two 1424 Clerk Typists and two 1426 Senior Clerk Typists. The Police Department advises that these four positions would be used to assist in the easing of jail overcrowding.

According to the Police Department, the two 1424 Clerk Typists and one of the 1426 Senior Clerk Typists would be assigned to the Police Department's Report Entry Unit, where these positions are currently vacant. The Police Department states that these vacancies have resulted in a backlog of entering arrest reports. The Police Department advises that over 600 arrest reports are made each day, of which over 100 are felony arrest reports. According to the Police Department, without adequate personnel to enter the reports, a domino effect takes place wherein Police Inspectors are delayed in processing case information for the District Attorney's Intake Unit, and the District Attorney in turn cannot make a timely determination regarding which cases can be adjudicated without incarceration. The Police Department advises that these delays in case processing ultimately contribute to the jail overcrowding situation. The Police Department reports that the remaining 1426 Senior Clerk Typist would be assigned to work in conjunction with the District Attorney's Office to assist in facilitating the flow of case documents to aid in the expeditious release of prisoners that are eligible for release.

According to a report dated February 18, 1993, which was prepared by the Sheriff's Department, San Francisco's jail population has virtually doubled in the last decade, increasing from an average of about 1,200 persons daily to an average of almost 2,400. The State Department of Corrections has rated the City's jail facilities capable of adequately holding 1,652 persons on average or 748 persons less than the 2,400 daily

CALENDAR - Actions Taken

DOCUMENTS DEPT.

APR 9 1993

SAN FRANCISCO
PUBLIC LIBRARY

MEETING OF
BUDGET COMMITTEE
BOARD OF SUPERVISORS
CITY AND COUNTY OF SAN FRANCISCO

WEDNESDAY, APRIL 7, 1993 - 2:00 P.M.

ROOM 228, CITY HALL

MEMBERS: SUPERVISORS MIGDEN, HSIEH, ALIOTO

ABSENT: SUPERVISOR ALIOTO ITEMS 4-6

CLERK: KAY GULBENGAY

NOTE: Copies of the Budget Analyst's Report will be available for review on the counter in the Office of the Clerk of the Board, Room 235, City Hall, 10:00 a.m., the date of the meeting.

CONSENT CALENDAR

1. All matters listed hereunder constitute a Consent Calendar, are considered to be routine by the Budget Committee, and will be acted upon by a single roll call vote of the Committee. There will be no separate discussion of these items unless a member of the Committee or a member of the public so requests, in which event the matter shall be removed from the Consent Calendar and considered as a separate item.
 - (a) File 101-90-57.4. [Release of Funds] Requesting release of reserved funds, Airports Commission, in the amount of \$1,477,963 for infrastructure repair and hazardous waste work at San Francisco International Airport. (Airports Commission)

ACTION: Continued to April 14, 1993 meeting.

REGULAR CALENDAR

2. File 211-93-1. Hearing to consider creation of a special benefit assessment district to fund fire suppression services. (Supervisor Migden)

ACTION: Hearing held. Filed.

3. File 101-92-57. [Government Funding] Ordinance appropriating \$500,000, Chief Administrative Officer, program project budget (fire benefit assessment district project), placing \$60,042 on reserve. (Supervisors Migden, Alioto)
(Continued from 3/31/93)

ACTION: Hearing held. Amendment of the whole adopted and further amended on page 1 line 2 (in title) by substituting "\$60,042" with "\$350,000"; and on line 16 by replacing "Funds in the amount of \$60,042 for contingency funds are placed on reserve until released by the Finance Committee" with "Funds in the amount of \$350,000 are hereby placed on reserve until released by the Budget Committee."

New Title: "Appropriating \$500,000 for program project budget (Fire Benefit Assessment District Project); placing \$350,000 on reserve, Chief Administrative Officer for fiscal year 1992-93."

Recommended as amended. (Supervisor Hsieh dissented.)

4. File 45-93-12. [Settlement of Litigation] Ordinance authorizing settlement of litigation of William Besk, et al, against the City and County of San Francisco, et al, according to the terms and conditions of the stipulation of dismissal. (City Attorney)
(Continued from 3/31/93)

ACTION: Hearing held. Recommended.

5. File 101-92-58. [Government Funding] Ordinance appropriating \$590,407, Sheriff Department, for permanent salaries, mandatory fringe benefits, materials and supplies, equipment purchase - communications, data processing, word processing equipment and services of other departments-Building Repair, for the creation of 30 positions. (Sheriff's Department)

ACTION: Hearing held. Amended on page 1 line 17 by replacing "\$15,774" with "\$17,184". Bearing same title.
Recommended as amended.

6. File 102-92-19. [Public Employment] Ordinance amending Annual Salary Ordinance, 1992-93, Sheriff Department, reflecting the addition of thirty positions (Classifications 8304 Deputy Sheriff (29) and 8274 Police Cadet (1); companion measure to Files 101-92-58 and 45-93-12. (Civil Service Commission)

ACTION: Hearing held. Recommended.

7. File 97-93-14. [Revolving Fund Department of Social Services] Ordinance Amending Administrative Code by amending Section 10-157, to increase the amount held in the Department of Social Services Revolving Fund from \$20,000 to \$40,000. (Department of Social Services)

ACTION: Hearing held. Continued to the call of the chair.

8. File 97-93-15. [Department of Social Services Membership] Ordinance amending Administrative Code by amending Section 16.6-11 to provide for Department of Social Services Membership in the Child Welfare League of America. (Department of Social Services)

ACTION: Hearing held. Continued to the call of the chair.

9. File 107-93-1. [Child Welfare Worker Automobiles] Resolution finding that in order to ensure adequate visitation of children in foster care by Child Welfare Social Workers, and to comply with State regulations regarding such visitation, the Department of Social Services of the City and County of San Francisco may transfer funds to purchase ten replacement and twenty additional automobiles. (Department of Social Services)

ACTION: Hearing held. Recommended.

10. File 71-93-1. [Survey Area] Resolution designating and describing a survey area within the City and County of San Francisco pursuant to the California Community Redevelopment Law (Hunters Point Naval Shipyard). (Supervisor Kennedy)

3/26/93 – Recommended and transferred from Select Committee on Hunter's Point Naval Shipyard and Presidio Army Base Closure (Fiscal Impact)

Present: Supervisors Shelley and Bierman

Absent: Supervisor Kennedy

ACTION: Hearing held. Recommended to Board for consideration on April 19, 1993.

11. File 121-93-1. [Union Square and Fisherman's Wharf Sightseeing Bus Stands] Ordinance amending the Police Code by amending Article 16 (regulations for motor vehicles for hire), Division IV (sightseeing and interurban buses), Section 1159 thereof to (1) place the issuance of permits for Union Square and Fisherman's Wharf sightseeing vehicle stands under the jurisdiction of the Department of Parking and Traffic; (2) to provide for a competitive bidding procedure for the issuance of the Union Square permit; and (3) to make miscellaneous amendments to the criteria used in issuing the Union Square permit. (Department of Parking and Traffic)

3/23/93 – Recommended and transferred from Health and Public Safety Committee (Fiscal Impact)

Present: Supervisors Shelley and Hallinan

Absent: Supervisor Conroy

ACTION: Hearing held. Recommended.

12. File 100-92-12.1. Hearing to consider report by Mayor and Controller updating the 1992-93 fiscal year budget status including the projected shortfall of revenue from property taxes and business taxes. (Supervisor Migden)

ACTION: Hearing held. Filed.

**BOARD OF SUPERVISORS****BUDGET ANALYST**

1390 MARKET STREET, SUITE 1025

SAN FRANCISCO, CALIFORNIA 94102 • TELEPHONE (415) 554-7642

April 5, 1993

TO: Budget Committee
FROM: Budget Analyst
SUBJECT: April 7, 1993 Budget Committee Meeting

Item 1a - File 101-90-57.4

Department: Airports Commission

Item: Requesting release of reserved funds for infrastructure repair and hazardous waste work.

Amount: \$1,477,963

Source of

Funds: Interest income on unused balances of the Airport's capital project funds remaining from completed projects, as follows:

Airport Capital Improvement Fund	\$ 7,466,608
1967 General Obligation Bonds	56,756
1975 Series A Revenue Bonds	382,135
1977 Series B Revenue Bonds	483,130
1981 Series C Revenue Bonds	4,475,268
1983 Series D Revenue Bonds	3,018,705
1990 Series E Revenue Bonds	<u>2,021,000</u>
Total Source of Funds	\$17,903,602

Description: In March of 1991, the Board of Supervisors appropriated interest earned on the residual balances of funds from capital improvement projects that had been completed at the Airport in the amount of \$17,903,602 (File 101-90-57) for the following projects:

Replace Electrical Equipment and Change Field Lighting Voltage	\$ 2,900,000
Construct High Speed Exit Taxiway	5,107,830
Dike Reconstruction - Phase 5	1,300,000
Centerline Lights & Taxiway Lights Upgrade	1,595,772
Extend Runway Safety Area - Phase I	3,000,000
Runway Exit Fillet Widening- Phase I	1,000,000
Electrical Power Distribution System Upgrade	3,000,000
Total Request	<u>\$17,903,602</u>

Architectural and engineering design, inspections and project management for all of the proposed projects were to have been performed in-house by Airport staff, which accounts for \$2,685,540 or 15 percent of the amount requested for each project. The remaining 85 percent of the \$17,903,602 requested, or \$15,218,062, was placed on reserve pending selection of the outside contractors and determination of the contract cost details and the MBE/WBE status of the contractors.

The Airport requests the release of \$1,477,963 of the previously reserved funds of \$15,218,062 to provide funding for replacing an existing elevator and installing one additional elevator in the International Terminal, and environmental clean-up of two pending Airport construction sites, as follows:

International Terminal Elevators	\$671,500	
Environmental Cleanup Work	<u>535,000</u>	
Construction Sub-total		\$1,206,500
Architectural/Engineering and Inspections (15%)/Contingencies (7.5%)		<u>271,463</u>
Total Funds Requested		\$1,477,963

Including costs for architectural/engineering, inspections, and contingencies, which total 22.5 percent of the construction work, the cost for each project is as follows:

International Terminal Elevators	\$822,588	
Environmental Cleanup Work	<u>655,375</u>	
Total Funds Requested		\$1,477,963

BOARD OF SUPERVISORS
BUDGET ANALYST

However, it should be noted that the proposed elevator upgrades and environmental clean-up projects were not included in the projects listed above (see Comment No. 2).

With respect to the project for the two elevators, according to Ms. Angela Gittens of the Airport, the existing elevator in the International Terminal that carries passengers between the garage and customs levels is heavily used, prone to frequent breakdowns, and the source of numerous complaints. A replacement elevator and an additional elevator in the same vicinity would provide greater reliability of elevator service and preclude passengers being inconvenienced by having to use an escalator or stairs with the heavy baggage typically associated with international travel.

With respect to the environmental cleanup work, Ms. Gittens reports that the Airport is required to perform an environmental assessment, develop a remediation plan, and perform abatement work for any Airport site prior to commencing construction on that site. The required environmental work would be performed at two Airport sites. The planned use for one site is that of a vehicle parking area for airline employees who have been displaced from other Airport parking areas. The planned use for the other site is a staging area for shuttle van operations.

Comments:

1. The Finance and Budget Committees of the Board of Supervisors previously released from the reserved amount of \$15,218,062 funding in the amount of \$2,436,885 (File 101-90-57.1), \$1,724,441 (File 101-90-57.2), and \$5,829,607 (File 101-90-57.3) in May and August of 1991, and in February of 1993, respectively. Therefore, funding in the amount of \$5,227,129 remains on reserve from which the requested amount of \$1,477,963 is available.

2. As previously noted, the International Terminal elevator upgrade project and the environmental clean-up project are not included in the list of projects for which the Board of Supervisors previously appropriated the \$17,903,602. Mr. John Martin of the Airport reports that since 1990, proceeds of Airport bonds sold must be expended according to time schedules imposed by the Internal Revenue Service. In order to adhere to those schedules and avoid paying penalties, the Airport is required to constantly adjust its financing plans to expend restricted bond proceeds as quickly as possible.

3. Mr. Martin reports that the projects for which the \$17,903,602 was originally appropriated are all scheduled to

be completed, using future capital project funds, subject to separate appropriation by the Board of Supervisors.

4. Millard Tong Construction has been selected to perform the International Terminal elevator upgrade construction work based on its low bid of \$671,500. The Airport has provided the following bid information:

<u>Bidder</u>	<u>Bid Price</u>	<u>MBE/WBE Bid Preference</u>	<u>Bid After Preference</u>
Millard Tong Construction	\$671,500	10 percent	\$604,350
A. Ruiz Construction	764,082	10 percent	687,674
Ionian Construction	786,000	None	786,000

5. The International Terminal elevator upgrade project is scheduled to commence in April of 1993 and is scheduled for completion in December of 1993.

6. Wahler Associates, in association with AGS Inc. (MBE), has been selected to perform the environmental assessment and remediation work. Wahler Associated/AGS Inc. was selected from a total of seven proposers based on a point system used by a panel consisting of four panelists that was convened by the Airport.

7. With regard to the environmental work to be performed by Wahler Associates/ AGS Inc., as of the writing of this report, the Airport has not been able to provide the Budget Analyst with detailed information concerning hourly rates and the number of consultant hours. Therefore, this portion of the reserve should be continued until the Department is able to provide such details.

8. The environmental cleanup work is scheduled to be completed by the end of March 1994.

9. Mr. John Madden of the Controller's Office reports that the Controller's Office does not object to the proposed use of funds and that approval of funds for the elevator upgrade and environmental clean-up projects is within the purview of the Board of Supervisors. Mr. Ted Lakey of the City Attorney's Office has advised the Budget Analyst that the proposed release of reserve is legal.

- Recommendations:**
1. Release funds in the amount of \$822,588 for the International Terminal elevator upgrade project.
 2. Continue to reserve funds in the amount of \$655,375 for the environmental cleanup project pending submission of detailed cost information concerning hourly rates and number of hours to be performed by the contractor.

Item 2 - File 211-93-1

Note: This item was continued by the Budget Committee at its meeting of March 10, 1993.

1. This item is a hearing to consider creation of a special benefit assessment district to fund fire suppression services.

2. A number of publicly provided services, such as fire suppression services, increase the value of property which is privately owned. The City is authorized (in accordance with its powers under the State Constitution) to establish a special benefit assessment district in order to recover from property owners all or part of the financial benefits ("windfalls") which accrue to the owners of private property as the result of publicly-provided services.

3. Mr. Buck Delventhal of the City Attorney's Office states that a special benefit assessment is a charge against the property itself, and is not a tax. Because it is not a tax, it is not subject to State laws which limit the taxation of private property by local governments.

However, imposition of a special benefit assessment for services which are now funded by the General Fund would require the City to reduce its Gann expenditure limit (see Comment 8).

4. In order to impose a special benefit assessment for fire suppression services, the City is required, among other things, to document the relationship between publicly provided fire suppression services and the increase in property values which can be attributed to these services. Mr. Delventhal states that this economic analysis provides the "evidentiary basis" for a special benefit assessment, and he advises that such analysis should be performed by professional consultants with expertise in economic analysis.

It would also be necessary for the Board of Supervisors to enact enabling legislation authorizing the creation of a special benefit assessment district, and to adopt a Resolution of Intention which, 1) finds that fire suppression services enhance the value of property, 2) states the intention of the Board of Supervisors to create a special benefit assessment district for fire suppression services, 3) defines the boundaries of the district, and 4) provides for public notice and a public hearing concerning the proposed special benefit assessment district.

5. Based on the economic analysis demonstrating the relationship between property values and publicly provided fire suppression services, the City must develop a formula which allocates the City's cost of providing fire suppression services according to the level of fire suppression benefits which different properties enjoy. The allocation formula could include a large number of different variables, such as the size of a building, the type of materials used in its construction, the building's height, whether or not sprinkler systems are present, etc. Mr. Delventhal states that, as long as the allocation formula adopted by the

Board of Supervisors has a reasonable basis, it would, in his opinion, be upheld by California courts.

6. The special benefit assessment could only be used to finance fire suppression services, in contrast to other Fire Department services such as emergency medical services or activities which are mandated by Federal consent decrees. If the special benefit assessment were imposed, then General Fund monies in an equivalent amount, which would otherwise be budgeted for fire suppression activities of the Fire Department, could be used for other purposes.

In 1992-93, the Board of Supervisors approved \$139,686,381 in General Fund monies for operations of the San Francisco Fire Department (SFFD). However, the amount of the SFFD budget which is used for fire suppression services was not identified separately in the 1992-93 budget. Mr. Steve Nelson and Mr. Neal Taniguchi, representing the Chief Administrative Officer, are coordinating efforts to accumulate the necessary information for purposes of establishing a special benefit assessment district, should the Board of Supervisors choose to do so, and are currently reviewing the SFFD budget to determine the total cost of fire suppression services which could be recovered through a special benefit assessment district.

7. Mr. Nelson reports that the Mayor's Office has proposed that, if a special benefit assessment district is established, the City should attempt to raise one-half of the SFFD General Fund budget of \$139,686,381, or approximately \$70 million, through a special benefit assessment for fire suppression services. The Assessor's Office has reported that there are approximately 167,000 parcels of property in the City, so that a special benefit assessment generating \$70 million would entail an average cost of \$419 per parcel. However, the amount of the assessment on any specific property would vary according to the attributes of the property which affect fire suppression efforts, and therefore the amount to be assessed could vary considerably between, for instance, high-rise office buildings and small residential units.

8. By eliminating the need to fund current fire suppression activities from the General Fund, the City would be able to appropriate General Fund revenues for other purposes, subject to the City's Gann Limit. The Gann Limit, imposed under Article 13 of the State Constitution, limits the growth in the City's expenditures from the proceeds of taxes.

Mr. Delventhal reports that, under the State Constitution, the City would be required to reduce its Gann Limit if it creates an alternative revenue source for services which are currently funded from the proceeds of taxes. Specifically, if \$70 million in fire suppression costs were transferred from the General Fund to special benefit assessment revenues, the Gann Limit would have to be reduced by \$70 million.

However, a change in the funding source for fire suppression activities would also result in a \$70 million reduction in General Fund expenditures which are subject to the Gann Limit, since fire suppression services would no longer be

included among the tax-supported expenditures which are limited by the State. Thus, the Constitutional requirement to reduce the Gann Limit would have no net effect restricting the City's ability to undertake additional expenditures from the proceeds of taxes.

9. Mr. Delventhal states that, in order to impose a special benefit assessment for fire suppression services, the City would first need to retain a consultant to establish the economic relationship between publicly provided fire suppression services and property values. Ms. Mary Jane Sylvia of the City Attorney's Office states that three teams of consultants are currently being solicited, as follows: 1) outside legal counsel to provide independent review of the work of the City Attorney's Office; 2) fire engineering consultants to develop a formula to allocate fire suppression costs across the City's properties, based on physical attributes of the property; and 3) real estate expert witness (economic consultant) to provide expert opinion concerning the relationship between publicly provided fire suppression services and property values.

Ms. Sylvia reports that the City Attorney's Office and the CAO's Office have selected the outside legal counsel and the fire engineering consultant but still in the process of interviewing prospective real estate expert witness consultants. Item 3, File 101-92-57 of this report is a \$500,000 supplemental appropriation ordinance to fund these consultants as well as other costs of the Assessor's Office required to create a special benefit assessment.

10. Mr. Nelson reports that the development of an appropriate allocation formula for the cost of fire suppression services will depend on the quality of data maintained by the Assessor's Office concerning the square footage, type of construction, and type of use for each of approximately 167,000 parcels of property in the City. The Assessor's Office reports that data are incomplete for approximately 10 percent of these parcels, and Mr. Nelson states that the missing data must be obtained before an allocation formula can be developed. The CAO's Office has already begun to review the Assessor's data, but it will require 30 to 60 days to update the Assessor's data, according to Mr. Nelson.

11. Mr. Delventhal states that, after an allocation formula is developed, the City must notify property owners of the estimated amount of the assessment which will apply to their property, and provide a 45 day period in which protests can be filed, before action can be taken by the Board of Supervisors.

12. A special benefit assessment district is not subject to a vote of the electorate. Mr. Delventhal states that a simple majority vote of the Board of Supervisors would be needed to establish a special benefit assessment district for fire suppression services, unless certain provisions of the State Constitution governing "majority protests" by citizens are found to apply. If the property owners that would be charged with more than 50 percent of the total special benefit assessment protest the proposal, then the proposal may require approval by a "super majority" (eight-tenths) of the Board of Supervisors, consisting of at least nine Supervisors. The City Attorney's Office is continuing its research into this issue.

BOARD OF SUPERVISORS
BUDGET ANALYST

13. The following table shows the estimated schedule of activities required for creation of a special benefit assessment district, as reported by the CAO's Office and the City Attorney's Office:

<u>Timeline</u>	<u>Activities</u>
<u>Period One</u>	Enabling legislation for creation of a special benefit assessment district by the Board of Supervisors.
30 to 60 days	Fire Engineering consultants to develop allocation formula.
	Allocation formula to be reviewed by legal consultants with expertise in special benefit assessment districts.
	Update of Assessor's data.
<u>Period Two</u>	Board of Supervisors Resolution of Intention.
	Application of allocation formula to properties.
	Public notice to property owners of estimated assessment amounts and hearing process, and inception of 45 day protest period.
<u>Period Three</u>	
45 days	45-day protest period as required by law.
<u>Period Four</u>	Public hearings, including expert testimony concerning the relationship of fire suppression services to property values, and enactment of legislation by the Board of Supervisors establishing the special benefit assessment district.

Mr. Taniguchi reports that, optimistically, the procedures outlined above could be completed within 90 to 120 days if funds which are needed to establish the district become available in the immediate future.

14. Mr. Nelson states that the most efficient means to collect a special assessment for fire suppression services would be to include a bill for the assessment in property tax bills which are mailed in October. This would require that the assessments to be charged to property owners be submitted to the Tax Collector's office by approximately September 1, 1993. Mr. Nelson has been advised by the Tax Collector's Office that, in order to generate separate bills at a later date, the City would incur additional costs estimated to be at least \$2 million.

15. Mr. Nelson reports that, in order for the Controller to certify special benefit assessment revenues in the Mayor's recommended budget for 1993-94, the procedures establishing the assessment district (as outlined in Comment 13

BOARD OF SUPERVISORS
BUDGET ANALYST

above) would have to be completed by August 1, 1993 at the latest, assuming all other requirements are met without incident.

Mr. Nelson states that, in order for the Controller to certify special benefit assessment revenues in the City's final fiscal year 1993-94 budget (scheduled to be approved by the Board of Supervisors and the Mayor in July, 1993), the district would have to be established no later than June 15, 1993.

16. Mr. Nelson and Mr. Taniguchi report that, even if the proposed assessment were imposed only during the second six months of 1993-94 (beginning January 1, 1994), certification by the Controller would still be required in June, 1993 in order for the revenues to be included in the City's approved 1993-94 budget.

17. Mr. Nelson and Mr. Taniguchi report that, even if logistical obstacles to establishing the district are overcome, certification of special benefit assessment revenues by the Controller will also depend on whether or not a legal challenge to the special benefit assessment is filed by property owners.

Mr. Delventhal states that, if required procedures to establish a special benefit assessment district were carefully followed, then he believes that the chances are good that the City would prevail in any litigation which challenged the legality of the assessment. Mr. Delventhal notes that the California Supreme Court has recently upheld a special benefit assessment which was imposed for publicly provided parks.

18. Because of the logistical and legal obstacles which the City could encounter in establishing a special benefit assessment district and including assessment revenues in the City's 1993-94 budget, Mr. Nelson and Mr. Taniguchi have suggested that the Board of Supervisors may instead wish to consider a parcel tax. They note that the legality of a parcel tax, if approved by a 2/3 majority of the electorate, is not likely to be successfully challenged.

However, Mr. Nelson and Mr. Taniguchi note that the City would have to conduct a special election in June, 1993 in order for the City to include parcel tax revenues in the 1993-94 budget, and the revenues would be available only if such a parcel tax were approved by a 2/3 majority vote of the electorate. Mr. Nelson reports that the cost of a June, 1993 special election is estimated to be at least \$650,000 (depending on the number of ballot measures which are included), and the costs of the special election, like the special benefit assessment district, would require a supplemental appropriation during the 1992-93 fiscal year.

Memo to Budget Committee
April 7, 1993

Item 3 - File 101-92-57

Note: This item was continued by the Budget Committee at its meeting of March 31, 1993.

Department: Chief Administrative Officer (CAO)

Item: Supplemental Appropriation Ordinance appropriating \$500,000 for Fire Benefit Assessment District Project, placing \$60,042 on reserve.

Amount: \$500,000

Source of Funds: General Fund - General Reserve

Description: The proposed supplemental appropriation ordinance would appropriate \$500,000 for studies to determine the feasibility of establishing a Fire Benefit Assessment District, and place \$60,042, earmarked for contingencies for this project, on reserve. Item 2, File 211-93-1 of this report is a hearing to consider creation of such a special benefit assessment district.

A number of publicly provided services, such as fire suppression services, increase the value of property which is privately owned. The City is authorized (in accordance with its powers under the State Constitution) to establish a special benefit assessment district in order to recover from property owners all or part of the financial benefits ("windfalls") which accrue to the owners of private property as the result of publicly-provided services.

Such a special benefit assessment could be used to finance fire suppression services. If the special benefit assessment were imposed, then General Fund monies in an equivalent amount, which would otherwise be budgeted for fire suppression activities of the Fire Department, could be used to fund other General Fund City services.

In order to impose a special benefit assessment for fire suppression services, the City is required, among other things, to document the relationship between publicly provided fire suppression services and the increase in property values which can be attributed to these services. Mr. Buck Delventhal of the City Attorney's Office states that this economic analysis provides the "evidentiary basis" for a special benefit assessment, and he advises that such analysis should be performed by professional consultants with expertise in economic analysis.

BOARD OF SUPERVISORS
BUDGET ANALYST

Based on the economic analysis demonstrating the relationship between property values and publicly provided fire suppression services, the City must develop a formula which allocates the City's cost of providing fire suppression services according to the level of fire suppression benefits which different properties enjoy.

Ms. Mary Jane Sylvia of the City Attorney's Office states that three teams of consultants are currently being solicited, as follows: 1) legal consultants to provide independent review of the work of the City Attorney's Office; 2) fire engineering consultants to develop a formula to allocate fire suppression costs across the City's properties, based on physical attributes of the property; and 3) economic consultants to provide expert opinion concerning the relationship between publicly provided fire suppression services and property values. The proposed supplemental appropriation ordinance would fund the studies required to determine the feasibility of forming a Fire Benefit Assessment District, as follows:

Fire Engineering Consultant \$67,000

Fire engineering consultant services are required to develop a formula for assessing the benefits of fire suppression services to each parcel of property in the city.

Real Estate Expert Witness 30,000

A real estate expert witness will testify before the Board of Supervisors regarding the connection between property values and the availability of fire suppression services.

Outside Legal Counsel 25,000

The City Attorney's Office requires specialized assistance from outside legal counsel to assist in developing the required legal foundation for the district. The scope of services is as follows: 1) Review of finance options available to the City and County; 2) review of Administrative Code provisions that provide procedures for the establishment of the assessment district, the assessment, and public protest; 3) review the assessment formula; 4) review of legislation and reports submitted to the Board of Supervisors; 5) assist with the development of expert testimony; and 6) assist in providing advice during the public hearing and protest procedures.

Assessment Notices \$100,000

The costs associated with producing assessment notices for each of the approximately 170,000 parcels in the City. According to Mr. Steve Nelson of the CAO's Office, such a mailing is required before the Board of Supervisors can finally act on formation of the district.

Assessor's Office--Appraiser 219,708

Data on the Assessor's computer file will be used to generate individual assessments. The Assessor's Office estimates that data on the file is only 90% complete. This means that approximately 17,000 parcels have incomplete information. Some of this information may be obtainable through a search of the Assessor's manual files. An Appraiser must investigate each of these 17,000 parcels in order to validate the data. At 1/2 hour per parcel, the Assessor's Office estimates that the 17,000 parcels will require 8,500 hours of Appraiser time. A Civil Service 4261 Real Property Appraiser at \$24 per hour for 8,500 hours is \$204,000 plus fringe benefits of \$15,708 totals \$219,708.

Assessor's Office--Assessment Clerks 18,750

The CAO's Office expects that a large number of persons will protest paying assessments or will contest the amount of the assessment. Three Assessment Clerks for a two-month period from May 1, 1993 through June 30, 1993 (4.3 biweekly pay periods) will initially be needed to handle the influx of calls and letters from protesting persons. Three Civil Service 4202 Assessment Clerks at \$1,197 for 4.3 biweekly pay period is \$15,441 plus \$3,309 for fringe benefits is \$18,750.

Contingency 39,542

This request includes approximately 8 percent for contingencies.

Total Proposed Supplemental Appropriation \$500,000

Regarding selection of two fire engineering consulting firms, according to Ms. Sylvia of the City Attorney's Office, the qualifications for fire engineering consultants sought by the City Attorney's Office were a) knowledge of building construction, fire codes and standards and fire prevention engineering standards, b) experience with comparative analysis with fire risk and protections costs and c) experience

BOARD OF SUPERVISORS
BUDGET ANALYST

with testifying before public agencies and a court of law. The scope of services provided by fire engineering consultants include the development of the formula by which the total costs and expenses allocated to the fire protection district are allocated among assessed properties, preparation of a written report. Fire engineering consultants are expected to provide expert testimony before the Board of Supervisors.

Six fire engineering firms located in the Bay Area were solicited. Due to the complexity of services which the project requires, two firms were selected, one to develop an assessment formula and the other to serve as a reviewer. These firms are neither MBE or WBE firms. Schirmer Engineering and Rolph Jensen and Associates were selected through an interview process. The rates for fire engineering consultants are as follows:

	<u>Hours</u>	Composite Hourly <u>Rate</u>	<u>Fee</u>
Schirmer Engineering	250	\$191	\$47,900
Rolph Jensen and Ass.	<u>100</u>	191	<u>19,100</u>
Total	350		\$67,000

Schirmer Engineering will perform the following services:

- 1) Develop an assessment formula
- 2) Develop a written justification for that formula
- 3) Provide expert testimony before the Board of Supervisors.

Rolph Jensen and Associates will perform the following services:

- 1) Review and critique the methodologies used in the development of the formula by Schirmer Engineering.
- 2) Critique preliminary draft of justifying formula, and provide recommendations.

Regarding outside legal counsel, according to Ms. Sylvia, the City Attorney's Office contacted all law firms included in the Minority Counsel Program of the San Francisco Bar Association. A Request for Proposal (RFP) was submitted to all certified law firms listed in the Human Rights Commission's directory. Three law offices submitted proposals and were interviewed. Orrick, Herrington, and Sutcliffe Law Firm in Joint Venture with Arnelle & Hastie Law Office which is a certified MBE was selected for \$25,000 for 80 hours at an average hourly rate at \$313 per hour.

Ms. Sylvia states that the selection process for the Real Estate expert witness is still under way and is not expected to be completed until April 16, 1993. 27 consultant firms listed in the Human Rights Commission (HRC) Directory were contacted. Of the 27, four certified MBE/WBE and nine non-MBE/WBE firms were requested to submit proposals. The deadline for proposals is April 2, 1993. Services provided by the real estate expert witness is estimated by the CAO's Office to cost a maximum of \$30,000 for 125 hours at an estimated average hourly rate of \$240 per hour.

Comments:

1. Should the proposed studies indicate and the Board of Supervisors concur with the feasibility of forming a special benefit assessment district, it would be necessary for the Board of Supervisors to enact enabling legislation authorizing the creation of a special benefit assessment district, and to adopt a Resolution of Intention which, 1) finds that fire suppression services enhance the value of property, 2) states the intention of the Board of Supervisors to create a special benefit assessment district for fire suppression services, 3) defines the boundaries of the district, and 4) provides for public notice and a public hearing concerning the proposed special benefit assessment district. According to Mr. Nelson, the proposed consulting services must be accomplished in order to provide the basic feasibility information required to decide to form a special benefit assessment district.

2. As noted above, the proposed ordinance would place \$60,042 for contingencies on reserve. However, the CAO now reports that the actual amount budgeted for contingencies is \$39,542. Therefore, the proposed ordinance should be amended to reflect an amount of \$39,542 be placed on reserve for contingencies, instead of \$60,042. Additionally, as previously noted, the CAO advises that the Real Estate expert witness has not, as yet, been selected. As such, the proposed ordinance should also be amended to reserve an additional \$30,000 pending the selection of the contractor, determination of the professional hours, hourly billing rates and MBE/WBE status. This \$30,000, brings the total amount to be placed on reserve to \$69,542.

Recommendations: 1. Amend the proposed supplemental appropriation ordinance to reflect \$39,542 be placed on reserve for contingencies, instead of \$60,042.

2. Amend the proposed supplemental appropriation ordinance to reserve \$30,000 for the Real Estate expert witness pending selection of the contractor, determination of

BOARD OF SUPERVISORS
BUDGET ANALYST

Memo to Budget Committee
April 7, 1993

professional hours, hourly billing rates and MBE/WBE status.

3. Approval of the proposed supplemental appropriation ordinance as amended is a policy matter for the Board of Supervisors.

BOARD OF SUPERVISORS
BUDGET ANALYST

Items 5 and 6 - Files 101-92-58 and 102-92-19

Department: Sheriff

Items: Item 5 - Supplemental appropriation ordinance (File 101-92-58) for permanent salaries, related mandatory fringe benefits, training, materials and supplies, communications, data processing/word processing equipment and services of other departments.

Item 6 - Ordinance (File 102-92-19) to amend the Annual Salary Ordinance to create 30 new positions.

Amount: \$590,407

Source of Funds: General Fund Litigation Reserve

Description: In separate proposed legislation (Item 4, File 45-93-12 of this Report) the Budget Committee is currently considering an ordinance to authorize the City Attorney to settle the action entitled "William Besk, et al., vs. City and County of San Francisco which seeks damages, fees and costs related to conditions of safety, overcrowding and other aspects of living conditions at San Francisco Jail No. 3 in San Bruno. It is the intention of the proposed ordinances (Files 101-92-58 and 102-92-19) to fulfill the City's obligation to settle this legal action.

The proposed ordinance (File 102-92-19) would amend the 1992-93 Annual Salary Ordinance to create 30 new positions including (1) 26 new positions assigned to Jail No. 3 located in San Bruno increasing the number of Deputy Sheriffs at this facility from 75 to 101, (2) three new positions increasing the number of Deputy Sheriffs available for transporting inmates from Jail No. 3 to medical appointments at outside medical facilities, and (3) one new Police Cadet position assigned to Jail No. 3 whose primary duties will include the maintenance and dissemination of reading and passive recreational games on each tier within Jail No. 3, as follows:

No.	Classification	Biweekly Salary Range	Annual Salary at Top Step
29	8304 Deputy Sheriff	\$1,429-1,731	\$1,310,194
<u>1</u>	8274 Police Cadet	822-822	<u>21,454</u>
30			\$1,331,648

BOARD OF SUPERVISORS
BUDGET ANALYST

Memo to Budget Committee
April 7, 1993

The proposed supplemental appropriation ordinance (File 101-92-58) would fund the proposed 30 new positions for two months from May 3, 1993 through June 30, 1993 (4.3 biweekly pay periods) and other related operating costs as follows:

<u>Description</u>	<u>Amount</u>
<u>Personnel</u>	
Permanent Salaries - Miscellaneous:	
29 8304 Deputy Sheriff (4.3 BWPP @ \$1,499)	\$186,925
1 8274 Police Cadet (4.3 BWPP @ \$822)	3,535
Mandatory Fringe Benefits	<u>15,774</u>
Subtotal - Personnel (30)	\$206,234
Training (Santa Rosa Academy - May 3 to August 27, 1993, 17 weeks)	199,636
Materials and Supplies	
Deputy Sheriff Uniforms @ \$1,837 x 29	\$53,273
Police Cadet Uniform @ \$304	304
Decks of playing cards 400 @ \$.70	280
Sets of Recreational Games 18 @ \$7.20	130
Checker-Chess Boards 100 @ \$.75	75
Subscriptions	2,500
T. V. Sets 16 @ \$430	6,880
Locked Storage Cabinet for Supplies	<u>485</u>
Subtotal	63,927
Communications Equipment (29 Hand held radios x \$2,000)	58,000
Data Processing Word Processing Equipment to monitor inmates' health records	3,200
Services of Other Department - DPW Bureau of Building Repair	
Repair Exercise Yard Drainage	\$8,000
Enclose Lower Recreational Yard	25,000
Repairs for Plumbing, Windows and Locks	<u>25,000</u>
Subtotal - Building Repairs	58,000
Funds Not Identified (see Comment No. 1)	<u>1,410</u>
Total	\$590,407

Comments:

1. To correct a clerical error, the proposed supplemental appropriation should be amended to increase the amount of mandatory fringe benefits by \$1,410 from \$15,774 to \$17,184 to cover the cost of dental insurance. The total amount of funds being appropriated is correct and therefore this proposed amendment would not increase the total funds.

BOARD OF SUPERVISORS
BUDGET ANALYST

2. Senior Deputy Sheriff Babe Franey advises that the expenditures associated with the proposed supplemental appropriation would comply with the City's requirements to settle the "Besk" litigation which has challenged the overall living conditions of inmates at San Francisco Jail No. 3 located in San Bruno.

3. The hiring of 26 additional Deputy Sheriffs would fulfill the requirement of the proposed settlement that the total number of deputy sheriffs at Jail No. 3 be increased from 75 to 101, including one Deputy Sheriff assigned to the classification of inmates. In addition to the 101 Deputy Sheriffs assigned at Jail No. 3, the City is to hire, assign and maintain three additional Deputy Sheriffs for transporting inmates from Jail No. 3 to medical appointments at outside medical facilities.

4. The training costs for the 17 weeks (119 days) of 29 Deputy Sheriffs at Santa Rosa Academy includes \$40,890 (29 positions x \$1,410) for tuition and \$158,746 (29 positions x \$46 per day x 119 days) for room and board for a total cost of \$199,636. An additional cost for uniforms to be worn at the Santa Rosa Academy totaling \$5,968 (29 x \$205.80), which was included in the Sheriff's original supplemental request but deleted from the proposed supplemental appropriation, and, according to Ms. Franey, will be paid for from other Sheriff Department resources.

5. The California Peace Officers Standards and Training (P.O.S.T.) provides for the cost reimbursement of up to 14 weeks training for Police Officers and Deputy Sheriffs. Under these circumstances, the City would receive a reimbursement of \$177,590 (including the \$5,968 for the training uniforms) that would reduce the actual cost to the General Fund for training to \$28,014 (\$199,636 plus \$5,968 minus \$177,590) as follows:

<u>Description</u>	<u>Amount</u>
Cost of Training	
Room & Board (\$46 per day x 119 days x 29 deputies)	\$158,746
Tuition (\$1,410 x 29 deputies)	<u>40,890</u>
Subtotal (this supplemental appropriation)	\$199,636
Cost of uniforms to be worn at training school (to be paid for by the Sheriff from other resources)	<u>5,968</u>
Subtotal (Total training costs)	\$205,604

BOARD OF SUPERVISORS
BUDGET ANALYST

<u>Description</u>	<u>Amount</u>
Less: State of California POST Reimbursement	
Room & Board(\$46 per day x 98 days x 29 deputies)	\$130,732
Tuition (\$1,410 x 29 deputies)	40,890
Cost of uniforms to be worn at training school	<u>5,968</u>
Subtotal	<u>177,590</u>
Net General Fund Cost to the City for Training	\$28,014

6. At the request of the Mayor's Office, the Sheriff has agreed to deposit the reimbursement from the State of California P.O.S.T. into the General Fund. The net effect of such a deposit would decrease the proposed supplemental appropriation request by \$177,590 from \$590,407 to \$412,817.

7. The recommended purchase of 400 decks of playing cards, 18 sets of recreational games, 100 checker-chess boards with game pieces, 16 television sets and subscriptions are expected to fulfill the passive recreation needs outlined in the proposed court settlement. A total of 16 television sets would meet the requirement that there should be at least four television sets in each general population tier within the jail and reasonable efforts to assure English and Spanish programming. Further, the selection of subscriptions should allow for a reasonable amount of multi-language reading materials including but not limited to religious materials. To secure the recommended materials and supplies, a locked storage cabinet would be acquired for secured storage.

8. In order for the various forms of passive recreation to serve the inmate population adequately, the one new full time Police Cadet position requested in the proposed supplemental appropriation would be hired to maintain and disseminate the materials and supplies as recommended. The Police Cadet would also be responsible to establish an automated management information system for inmates' health records that would be maintained through the requested \$3,200 for data processing/word processing equipment. Mr. Paul Owsley of the Electronic Information Processing Steering Committee (EIPSC) advises that the requested data processing word processing equipment has been approved by EIPSC.

9. The proposed supplemental appropriation includes \$58,000 to make repairs and physical improvements that have been identified in the proposed court settlement. These

include: (a) \$8,000 to repair the drainage problem in the exercise yard which currently impedes outdoor exercise due to standing water after rainfall; (b) \$25,000 to enclose the lower recreational yard so that two separate inmate groups may receive outdoor recreational time separately; and (c) \$25,000 for plumbing, windows and locks that have not been repaired because the necessary work has been deferred.

10. The Budget Analyst does not report on the proposed companion Settlement of Litigation matter, (Item 4, File 45-93-12).

- Recommendations:**
1. Amend the proposed supplemental appropriation ordinance (File 101-92-58) to correct a clerical error on Line 17 by increasing Mandatory Fringe Benefits by \$1,410 from \$15,774 to \$17,184. Approval of this proposed ordinance, as amended, is a policy matter for the Board of Supervisors.
 2. Approval of the proposed ordinance amending the Annual Salary Ordinance (File 102-92-19) is a policy matter for the Board of Supervisors.

Item 7 - File 97-93-14

Department: Department of Social Services (DSS)

Item: Ordinance amending the San Francisco Administrative Code by amending Section 10.157, to increase the amount held in the Department of Social Service's Revolving Fund from \$20,000 to \$40,000.

Source of Funds: New funds either by a future supplemental appropriation or funding will be requested in the DSS 1993-94 annual budget

Description: Section 10.157 of the Administrative Code currently provides for a Cash Revolving Fund (Fund) for the DSS in the amount of \$20,000. The proposed ordinance would amend Section 10.157 of the Administrative Code to increase the cash revolving fund for the DSS by \$20,000 from \$20,000 to \$40,000.

Revolving funds are established to accommodate Departments' needs for petty cash, urgent, non-recurring purchases, and small repairs. As revolving fund purchases deplete the revolving fund, requests for reimbursement, accompanied by Direct Payment Vouchers, are submitted to the Controller's Office. These Direct Payment Vouchers provide a detailed list of all expenditures and the source of funds for each expenditure. The Controller's Office subsequently replenishes a Department's revolving fund for the amount of the Direct Payment Voucher. The Controller's Office advises that there are varying limits on the size of the in-house payments and that the DSS' individual check writing limit has been set at a maximum of \$200 per check.

Comments:

1. Ms. Sally Kipper of the DSS reports that new public assistance programs such as Greater Avenues for Independence (GAIN) have increased the number of checks written each month and thus created a more rapid depletion of the DSS Revolving Fund. Ms. Kipper advises that programs such as GAIN are designed to help economically disadvantaged persons by purchasing self-improvement items for them such as job interviewing clothes and books for school. Ms. Kipper reports that due to the increase of such programs, more money flows through the DSS Revolving Fund each month because more checks are being written, thus causing a more rapid depletion of the Fund.

2. According to Mr. Ray Sullivan of the DSS, the Fund has, at times, been seriously depleted due in part to the prolonged delay for reimbursement. Mr. Sullivan reports that the DSS must wait for program recipients to provide the DSS with a

BOARD OF SUPERVISORS
BUDGET ANALYST

receipt of purchase before the DSS can submit a Direct Payment Voucher to the Controller. Mr. Sullivan advises that recipients often are not prompt in giving their receipts to DSS, which delays the reimbursement process. In addition, Mr. Sullivan advises that once the Direct Payment Voucher is submitted to the Controller's Office, there is a one-week turn-around period for reimbursing the Revolving Fund. Mr. Sullivan reports that this makes it difficult for the DSS to pay its smaller bills (\$200 or less) in a timely manner.

3. Mr. Sullivan reports that the DSS writes an average of approximately 300 checks per month at an approximate average of \$100 per check, or approximately \$30,000 per month (\$10,000 over the current Revolving Fund maximum of \$20,000). The DSS reports that if the maximum Revolving Fund amount were increased by \$20,000 from \$20,000 to \$40,000, the DSS could pay its bills in a timely manner and sufficiently cover the amount of checks written each month. The Budget Analyst concurs with the analysis of the DSS.

4. Since this is a request to increase a revolving fund and not a line item expenditure, increasing the maximum Fund amount by \$20,000 from \$20,000 to \$40,000 does not increase City expenditures. Mr. Harold Gueterslough of the Controller's Office reports that each expenditure is reviewed by the Controller who has the authority to deny any of them and refuse reimbursement.

5. The proposed ordinance would only amend the Administrative Code to authorize a \$40,000 Revolving Fund for DSS or \$20,000 more than the current Fund. As previously noted, the needed increased funds of \$20,000 will be requested either in a future supplemental appropriation or in the DSS 1993-94 budget.

Recommendation: Continue the proposed ordinance pending the submission of the required companion legislation to appropriate the additional needed funds of \$20,000.

Item 8 - File - 97-93-15

Department: Department of Social Services (DSS)

Item: Ordinance amending the San Francisco Administrative Code by amending Section 16.6-11 to provide for membership in the Child Welfare League of America for the Department of Social Services.

Amount: \$3,200

Source of Funds: To be requested in 1993-94 annual DSS budget

Description: Chapter 16 of the Administrative Code identifies the organizations to which City departments are authorized to belong. The Administrative Code provides that the Controller will not authorize expenditures to pay dues or membership fees for organizations that are not listed in Chapter 16 of the Administrative Code.

The proposed ordinance would amend Section 16.6-11 of the Administrative Code, which lists organizations to which the DSS is authorized to belong, by adding the Child Welfare League of America. The annual cost of this membership is \$3,200. The proposed ordinance would also delete two organizations, the California Conference of Social Welfare and the National Conference of Social Work, from Section 16.6-11.

In June, 1991 the Board of Supervisors approved Ordinance 218-91 (File 97-91-32) which amended Section 16.6 of the Administrative Code to require departments to submit annual reports before May 1 of each year to the Mayor and Board of Supervisors concerning the department's current memberships and the organizations to which the department wishes to become a member in the ensuing year, and to submit any legislation necessary to amend the Administrative Code to be "consistent with the decisions of the Board [of Supervisors]." In a previous report to the Finance Committee (File 97-91-56), the Budget Analyst was advised by the sponsor of the legislation that the ordinance was intended to require departments to submit requests for new memberships during the annual budget review process, and to prohibit memberships from being approved at other times during the fiscal year. However, the ordinance did not expressly state that new memberships could only be approved during the annual budget review.

BOARD OF SUPERVISORS
BUDGET ANALYST

The Mayor's Budget Instruction Manual for fiscal year 1993-94 does not direct departments to submit the annual report which is now required under Section 16.6 of the Administrative Code.

Comments:

1. Ms. Sally Kipper of DSS states that DSS maintains memberships (and therefore voting rights) in organizations that impact policy and funding for DSS programs. Currently, Section 16.6-11 authorizes DSS to maintain memberships in four organizations but DSS maintains a current membership in only one of the four currently designated organizations, the California Welfare Directors Association (dues are \$11,538 annually). According to Ms. Kipper, DSS has not had memberships in the other three organizations for many years. Therefore, DSS proposes deleting two of the three organizations from Section 16.6-11 but continuing one that DSS may consider joining in the future. DSS has not requested funding for the three organizations for several years.

2. Ms. Kipper is aware of the requirements of Ordinance 218-91 and is requesting the proposed ordinance in anticipation of requesting funding for the proposed new organization in the 1993-94 annual budget for DSS.

Recommendation: Continue the proposed ordinance to the call of the Chair, pending receipt of the Mayor's recommended 1993-94 budget which provides the \$3,200 needed in funds for the DSS to become a member on the Child Welfare League of America.

Item 9 - File 107-93-1

Department: Department of Social Services (DSS)
Family and Children's Services Division

Item: Resolution finding that in order to ensure adequate visitation of children in foster care by DSS Child Welfare Social Workers, and to comply with State regulations regarding such visitation, the Department of Social Services of the City and County of San Francisco may transfer funds to purchase 10 replacement and 20 additional automobiles.

Amount: Approximately \$357,000

Source of Funds: Excess Salary Savings in the DSS 1992-93 budget including:
State and Federal Funds - \$232,050 (65 percent)
General Fund monies - \$124,950 (35 percent)
Total \$357,000 (\$232,050 plus \$124,950)

Description: The DSS reports that the Family and Children's Services Division (Division) is legally obligated under State law to provide supervision of child welfare services to children and parents through its Child Welfare Services program. In November 1992, DSS was notified that it was not in compliance with State regulations for the Child Welfare Services program with respect to the provision of care and supervision of children in out-of-home placements. The DSS states that the most serious area of noncompliance has been the failure to routinely visit 1) children in out-of-home placements, 2) their foster parents, and 3) their natural parents, as required by State law. State law prescribes a schedule of required face-to-face visits, dependent upon the number of cases, which Social Workers must conduct with children in placement. The State law also requires monthly visits with foster parents and natural parents. In addition, Social Workers sometimes are needed to transport children to doctors, psychiatrists, and other appointments.

The California State Department of Social Services (CDSS), as well as a study conducted by Deloitte & Touche, commissioned by the DSS, report that the largest barrier to accomplishing the State required visits is a lack of transportation for DSS Social Workers.

Although State law does not mandate the number of automobiles the Family and Children's Services Division should have, it does mandate the number of visits that must be conducted (based upon caseloads) which, according to the DSS, produces a certain demand for vehicles. The DSS advises that

it currently has 35 fleet automobiles available for Family and Children's Services Division use. However, given DSS child welfare service caseloads of approximately 4,020, State regulations reflect that approximately 64 automobiles (an additional 29 automobiles to the original fleet of 35) are required in order to meet minimum visitation requirements. According to the DSS, the purchase of 30 automobiles, consisting of the replacement of ten existing automobiles and the acquisition of 20 new automobiles, would help bring the DSS into compliance with State regulations by meeting approximately two-thirds of the identified (29 automobiles) need. The DSS reports that Social Workers would supplement fleet automobiles with continued use of personal vehicles, which would enable the DSS to accommodate transportation for visitations as required by State regulations. The DSS states that it did not request the purchase of all 29 new automobiles (automobiles under this request of 30 automobiles would replace 10 older, existing automobiles) because, according to the DSS, it tried to find a more cost effective solution for the City. The DSS reports that therefore it is requesting only 20 new automobiles and 10 replacement automobiles at this time which, if approved, along with supplementation of DSS employees using their personal automobiles, would enable the DSS to comply with State child welfare visitation requirements.

The DSS advises that the formal notification of non-compliance it received from the State in November of 1992, is the first step in the State's punitive process for welfare departments not in compliance with State law. The DSS reports that if the City has not completed a corrective action plan and has not realized significantly improved compliance by June 1993, fiscal sanctions against the DSS could be imposed. The most severe action the State could impose would be to take over the operations of the DSS.

Ms. Sally Kipper of the DSS reports that each of the 35 fleet automobiles is used from six to eight hours per day and that the DSS is continuing to refine its scheduling system to maximize use of each fleet automobile. Ms. Kipper advises that the Deloitte & Touche study indicated a need, based on the total number of required visits (as dictated by DSS caseload), of 132,199 total annual automobile hours. Ms. Kipper states that if each of the Division's 35 automobiles were in use eight hours per day for the 250 days per year that City offices are open, the 35 automobiles would provide only 70,000 hours of service. Ms. Kipper indicates that the proposed 20 new automobiles, also at eight hours per day for 250 days per year, would provide another 40,000 hours of service. Ms.

BOARD OF SUPERVISORS
BUDGET ANALYST

Kipper reports that, in reality, full time use of eight hours a day is not possible due to scheduling complexities and downtime for repairs. Ms. Kipper advises that Social Workers would meet the remaining need through the continued use of personal vehicles as follows:

Total annual hours needed according to Deloitte & Touche study	132,199
Annual hours currently provided by fleet automobiles	70,000
Annual hours provided by 20 proposed additional fleet automobiles	<u>40,000</u>
Annual hours of unmet need to be filled by use of DSS employees' automobiles	22,199

The DSS is proposing to transfer \$357,000 in excess salary savings from its 1992-93 salaries account to purchase the proposed 30 automobiles. Ms. Kipper states that the 10 replacement and 20 new automobiles would cost \$357,000. Ms. Kipper reports that the unit price per car is \$11,900 (including tax) for a four-door mid-size automobile, for a total cost of \$357,000 ($\$11,900 \times 30$ automobiles). According to Ms. Kipper, the \$357,000 cost is claimable as an administrative expense against mandated duties, and is therefore 65 percent reimbursable by the State and Federal governments. Therefore, the Ms. Kipper advises that State and Federal sources would fund, through reimbursements, \$232,050 ($\$357,000 \times 65$ percent) of the proposed \$357,000 for the 10 replacement and 20 new automobiles and the DSS would fund the remaining 35 percent or \$124,950 ($\$357,000$ less \$232,050).

Comment:

1. Ms. Kipper advises that the DSS retained the firm of Deloitte & Touche to perform a study (the study was recommended by the State) of the Family and Children's Services Division's transportation needs with respect to Social Workers' State required visits to children and families. The Deloitte & Touche study indicates that the City's compliance rate with State regulations pertaining to visits was between 31 and 59 percent. The DSS reports that the last time the City was in compliance in this area was in 1986. According to a representative of the Youth Law Center, a non-profit public interest law firm representing children who are in out-of-home situations, the Youth Law Center has threatened to take administrative and legal action against both the State and the City if non-compliance in this area continues.

2. The DSS reports that Social Workers currently use their personal automobiles for visits because sufficient automobiles are not provided by the City. However, some Social Workers do not own, or have access to private automobiles, thus contributing to visitation non-compliance. Ms. Kipper advises that the DSS allows Social Workers to use their personal automobiles when performing State law required visits to

children, foster parents, and natural parents. However, according to Ms. Kipper, it has been the DSS' practice not to allow Social Workers to actually transport clients in personal vehicles due to increased liability for the City and increased costs to Social Workers for personal auto insurance. Ms. Kipper reports that without a significant change in the number of automobiles for Social Workers, the City will not be able to achieve compliance with State Law regarding visitations and thus runs the risk that the program will be taken over by the State and/or the City will be sued by the Youth Law Center.

3. Mr. James W. Brown of the California Department of Social Services reports that a lack of automobiles is a significant problem for Social Workers at DSS and is the cause of non-compliance with State law (see Attachment). Mr. Brown advises that visits with children and parents by Social Workers are vital for child safety and family reunification. Mr. Brown reports that any visits not conducted are a matter of deep concern to the State, especially, according to Mr. Brown, if the reason is a lack of available City automobiles. Mr. Brown has requested that the DSS take immediate actions to secure additional automobiles for Social Workers, and/or address the liability issues associated with private automobile use.

4. Ms. Kipper reports that mid-size automobiles, rather than compact automobiles, are requested because Social Workers often have to transport groups of children, as well as their belongings.

5. Ms. Kipper states that public transportation (MUNI) has been considered as an alternative to the transportation problems of the Family and Children's Services Division. However, according to Ms. Kipper, MUNI is not a feasible option for several reasons: 1) the DSS would become further out of compliance with visitation regulations because MUNI transit takes too much time (i.e. waiting for buses, trains, etc.), 2) funding for fast passes would have to be included in the DSS budget which would require additional City monies, and 3) many of the children the Child Welfare Services program serves are placed outside the City. Ms. Kipper advises that Social Workers do occasionally take MUNI but not as a matter of standard practice.

6. Mr. David Cowley of the Purchasing Department advises that the DSS requested air conditioning for the requested 30 automobiles. According to Mr. Cowley, Purchasing Department policy does not allow for the purchase of automobiles with air conditioning. The Purchasing Department reports that if a letter from the Director of DSS is

BOARD OF SUPERVISORS
BUDGET ANALYST

submitted to the Purchasing Department substantiating the need for air conditioning, the Purchaser would review the reasons given and would, at that time, be better able to formally approve the proposed replacement vehicles as having met the necessary purchasing requirements. Ms. Kipper advises that because some children served by the program live in areas such as Napa Valley and the East Bay, transporting them in the summer is uncomfortable. According to Ms. Kipper, the DSS has recently submitted a letter to the Purchasing Department explaining the need for air conditioning. Additionally, Mr. Mike Ward of the Purchasing Department advises that the deadline for requesting automobiles for 1992-93 from the Purchasing Department was February 12, 1993, but that the Purchasing Department would work with the DSS in obtaining the proposed automobiles in an expedient manner.

7. Ms. Kipper reports that, in any event, the proposed automobiles would be subject to competitive bid, under the jurisdiction of the Purchasing Department, in order to assure the lowest price to the City.

8. The Mayor's Office has recommended approval of the proposed resolution. Although this proposed legislation is not in the usual form of a supplemental appropriation ordinance with the funding certified in such an ordinance, due to the reported urgent nature of this request (as State compliance must be attained by June 1993), the proposed legislation would, if approved, allow the transfer of funds from DSS salary savings to purchase the requested automobiles, and would require only one reading by the full Board of Supervisors. Mr. John Madden of the Controller's Office has advised the Budget Analyst that the method to obtain the funds, through the proposed resolution, is permissible but is subject to approval by the Board of Supervisors.

Recommendation: Approve the proposed resolution.

STATE OF CALIFORNIA—HEALTH AND WELFARE AGENCY

Attachment

DEPARTMENT OF SOCIAL SERVICES
744 P Street, Sacramento, CA 95814



MAR 4 1993

Brian Cahill, General Manager.
San Francisco Department
of Social Services
P.O. Box 7988
San Francisco, California 94120

bcc: J. Brown, 17-18
D. Johnson, 9-103
D. Just, 9-101
B. Lamb, 6-332
Record Services, 14-80
CVSOB Chron
CVSOB Files
afjedls/bl
/usr2/afs/docs/new/138b1022393
BLije

Dear Mr. Cahill:

As you are aware, many California Department of Social Services staff are currently assigned to the San Francisco Department of Social Services to review cases and collect data as part of the development of a Corrective Action Plan. Even though the presence of California Department of Social Services staff in a county office can sometimes be overwhelming, it affords an opportunity for dialogue between staff who might otherwise never meet. The results of such dialogue can be enlightening.

Staff participating in the review have been told repeatedly by your staff at various levels of the problems which result due to a lack of available county cars and of the liability associated with using private cars. While this issue is being analyzed in depth as part of the Corrective Action Plan, it is clear to me that a lack of cars is a significant chronic problem which plagues social workers at the San Francisco Department of Social Services. Is there anything that you can do immediately to make more cars available to your social work staff?

Visits with children and parents by the social workers are the cornerstone of child safety and family reunification. Any visits not done are a matter of deep concern and any not done due to lack of available county cars is inexcusable. We all agree this is a major problem which the Corrective Action Plan will address. However, completion of the Corrective Action Plan is still several weeks away and I am requesting that you take whatever actions are immediately available to you to secure additional cars for social workers, and/or address the liability issues associated with private car use.

If you would like to discuss this further, please contact me at (916) 657-2614, or Mr. Bill Lamb at (916) 657-2189.

Sincerely,

JAMES V. BROWN

JAMES V. BROWN
Acting Deputy Director
Children and Family Services

cc: The Honorable Frank K. Jordan, Mayor
City of San Francisco

Item 10 - File 71-93-1

Note: This item was transferred to the Budget Committee due to fiscal impact from the Select Committee, Hunters Point Naval Shipyard and Presidio Army Base Closures.

Department: San Francisco Redevelopment Agency (SFRA)

Item: Resolution designating and describing a survey area within the City and County of San Francisco pursuant to the California Redevelopment Law

Description: Hunters Point Naval Shipyard (Shipyard) has not been used as an operating military facility since 1973. The Shipyard has since been designated by the United States Government as an excess military facility and has been selected for official closure and disposition. The Shipyard consists of approximately 520 acres of dry land and approximately 480 acres of land submerged in water, or approximately 1,000 total acres of land.

Under Sections 2667 and 2848 of the Fiscal Year 1991 Defense Authorization Act, the U.S. Congress has directed the Government to lease all, or portions of the Shipyard to the City at fair market value for at least 30 years. The SFRA reports that pursuant to California Health and Safety Code Section 33391, the establishment of a Survey Area vests legal authority in the SFRA to enter into a lease with the U.S. Navy for all, or portions of the Shipyard.

The SFRA advises that land use designations for the Shipyard must be embodied in a land use plan that would require future approval by the Board of Supervisors and that no disposition for purposes of development may be made prior to adoption of such a land use plan. The SFRA advises that the creation of a Survey Area is required pursuant to the California Community Redevelopment Law as the first step in establishing a land use plan. The land use plan would describe how the land will be used and would determine the vehicle for implementation of the plan (i.e. redevelopment, zoning, etc.). The SFRA advises that the designation of the approximately 1,000 Shipyard acres as a Survey Area would give the Redevelopment Agency the legal authority to acquire and dispose of the site and to begin the development of a land use plan for the Shipyard property. The proposed Survey Area, according to the SFRA, would include Parcel One (approximately 520 acres) and Parcel Two (approximately 480 acres) (see Attachment).

If the proposed Survey Area is adopted, the SFRA reports that it would conduct a study to determine if a redevelopment

BOARD OF SUPERVISORS
BUDGET ANALYST

project or other projects within the proposed Survey Area are feasible.

Comments:

1. Mr. Dick Kono of the SFRA, Real Estate Division, reports that the fair market value for the 1,000 acres of the Shipyard cannot be determined at this time. Mr. Kono advises that because an Environmental Impact Review (EIR) has not yet been conducted on the said property, the property cannot yet be valued, as it would prejudice the outcome of the EIR. Mr. Kono states that an EIR would be conducted after the development of a land use plan. According to Mr. Kono, an EIR would determine if the land use plan is appropriate given environmental considerations.
2. Mr. Kono advises that the City would not begin payment on the lease to the Government for the Shipyard until the Survey Area study is complete and until the City has determined the fair market value of the land.
3. Mr. Byron Rhett of the SFRA reports that the cost of studying the feasibility of the proposed Survey Area for establishment of a land use plan for the Shipyard property is estimated to be \$2 million over three years, beginning in 1993.
4. Mr. Bob Gamble of the SFRA states that the study would be funded through property tax increments on existing redevelopment areas (i.e. Yerba Buena).
5. Mr. Rhett advises that during the course of the Survey Area study, the SFRA would report its findings to the Board of Supervisors Select Committee on the Hunters Point Naval Shipyard and Presidio Army Base Closures.

Recommendation: Approval of the proposed resolution is a policy matter for the Board of Supervisors.

SHEET 1

REVISED '02
REVISED '79
" '81
" '82
" '85
" '88
" '89



Item 11 - File 121-93-1

Note: This item was transferred to the Budget Committee due to fiscal impact from the Health and Public Safety Committee.

Department: Department of Parking and Traffic

Item: Ordinance amending the Police Code by amending Article 16, (regulations for motor vehicles for hire) Division IV (sightseeing and interurban busses), Section 1159 thereof to 1) place the issuance of permits for Union Square and Fisherman's Wharf sightseeing vehicle stands under the jurisdiction of the Department of Parking and Traffic; 2) provide for a competitive bidding procedure for the issuance of the Union Square permits; and 3) make miscellaneous amendments to the criteria used in issuing the Union Square permits. The proposed amendments pertain only to sightseeing tour buses and not to interurban buses.

Description: The Union Square sightseeing vehicle stand is 55 linear feet located at the east side of Powell Street, between Geary and Post Streets. The Police Code currently provides for the issuance to a single person or entity a permit for a sightseeing vehicle to park at the vehicle stand for the purpose of selling tickets for sightseeing tours.

Currently, the Police Code requires that the Union Square sightseeing stand permit be issued for a fee of \$5,000 for a period of five years. According to Mr. Tim Johnson of the Department of Parking and Traffic, the current fee of \$5,000 for five years (approximately \$83 per month) does not reflect the current fair market value of the Union Square sightseeing vehicle stand.

In its effort to assess a fair market value for the Union Square bus stand permit, the Department of Real Estate found that the Port of San Francisco currently has a lease agreement with Cable Car Advertisers, Inc., which operates the sightseeing tour bus at Fisherman's Wharf. This operator pays the Port a minimum of \$1,000 per month or 10% of gross sales, whichever is greater. The Port of San Francisco's annual revenue is approximately \$140,000 or an average of approximately \$11,666 per month or \$11,583 more per month than the Union Square operation.

Although the permit issued by the Port of San Francisco has a higher value since the space being leased is 82 linear feet or 27 feet longer than the Union Square sightseeing vehicle stand and there is more foot traffic than in the Union Square

area, the Port's permit is the only other permit that can be compared to the Union Square sightseeing vehicle stand permit which has been granted to The Grayline Bus. Thus, the revenue generated by the Port of San Francisco from the lease provides an approximate measure of the potential revenue to be generated from the Union Square sightseeing vehicle stand. The fact that the permit issued by the Port of San Francisco generates a monthly average of \$11,666 per month as compared to the approximately \$83 per month for the permit issued for the Union Square sightseeing vehicle stand indicates that the Union Square permit fee is currently undervalued.

The proposed ordinance would provide for a competitive bidding procedure for the issuance of the permit at Union Square. Furthermore, Administrative Code Section 23.24 requires that all leases that are expected to produce more than \$1,500 per month in revenues are required to be competitively bid. Mr. Johnson states that the permit would be competitively rebid every five years in order to ensure that the permit fee reflects changes in fair market value.

The proposed ordinance would also transfer the jurisdiction of issuance of the permits for Union Square and Fisherman's Wharf sightseeing vehicle stands from the Department of Public Works to the Department of Parking and Traffic. This proposed amendment would update the Police Code to actual current practice since the Department of Parking and Traffic already issues such permits.

In addition to being able to issue the Union Square bus stand permit at a fair market value, the Department of Parking and Traffic has proposed miscellaneous technical amendments to the criteria used in issuing the Union Square permit, according to Mr. Johnson.

Comment:

The Health and Public Safety Committee amended the proposed ordinance to delete an existing provision in subsection (c) Terms of Permit of Section 1159 regarding the basis for a decision by the Department of Parking and Traffic to award a permit. The deleted basis is as follows:

Whether the proposed vehicle ticket stand, ticket sales operation, and sightseeing tour operation is aesthetically consistent with the Union Square ambiance and atmosphere and will best serve the City and the touring public.

Memo to Budget Committee
April 7, 1993

Recommendation: Approve the proposed ordinance as amended by the Health and Public Safety Committee.

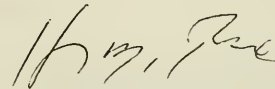
BOARD OF SUPERVISORS
BUDGET ANALYST

Memo to Budget Committee
April 7, 1993

Item 12 - File 100-92-12.1

This item is a hearing to consider a report by the Mayor and the Controller updating the 1992-93 fiscal year budget status including the projected shortfall of revenue from Property Taxes and Business Taxes. According to Mr. John Madden, Chief Deputy Controller, the subject report is still in progress (as of the writing of this report) and will be completed by Monday April 5, 1993. Ms. Teresa Serata of the Mayor's Office reports that there are three supplemental appropriation ordinances yet to be submitted to the Board of Supervisors that require General Fund funding as follows:

<u>Purpose</u>	<u>General Fund Source of Funds</u>	<u>Amount</u>
Senior Escort Program	Budgetary Reserve	\$336,000
Commission on the Status of Women	General Reserve	10,000
Commission on Aging Contractual Services	Budgetary Reserve	<u>57,000</u>
Total		\$403,000



Harvey M. Rose

cc: Supervisor Migden
Supervisor Hsieh
President Alioto
Supervisor Achtenberg
Supervisor Bierman
Supervisor Conroy
Supervisor Hallinan
Supervisor Kaufman
Supervisor Kennedy
Supervisor Maher
Supervisor Shelley
Clerk of the Board
Chief Administrative Officer
Controller
Teresa Serata
Barbara Kolesar
Ted Lakey

BOARD OF SUPERVISORS
BUDGET ANALYST

0.07
2
193
2
CALENDAR -- *Actions Taken*

DOCUMENTS DEPT.

APR 19 1993

SAN FRANCISCO
PUBLIC LIBRARY

MEETING OF
BUDGET COMMITTEE
BOARD OF SUPERVISORS
CITY AND COUNTY OF SAN FRANCISCO

WEDNESDAY, APRIL 14, 1993 - 2:00 P.M.

ROOM 228, CITY HALL

PRESENT: SUPERVISORS MIGDEN, HSIEH, ALIOTO

CLERK: KAY GULBENGAY

NOTE: Copies of the Budget Analyst's Report will be available for review on the counter in the Office of the Clerk of the Board, Room 235, City Hall, 10:00 a.m., the date of the meeting.

CONSENT CALENDAR

1. All matters listed hereunder constitute a Consent Calendar, are considered to be routine by the Budget Committee, and will be acted upon by a single roll call vote of the Committee. There will be no separate discussion of these items unless a member of the Committee or a member of the public so requests, in which event the matter shall be removed from the Consent Calendar and considered as a separate item.

File 101-90-57.4. [Release of Funds] Requesting release of reserved funds, Airports Commission, in the amount of \$1,477,963 for infrastructure repair and hazardous waste work at San Francisco International Airport. (Companion measure File 101-90-57, Ordinance No. 98-91)

ACTION: Release of \$655,375 recommended. Filed.

- (b) File 79-92-3.2. [Release of Funds] Requesting release of reserved funds, Mayor's Office of Community Development, in the amount of \$500,000, Lead Hazard Reduction Program, for Community Development Block Grant funded child care centers. (Mayor's Office of Community Development)

ACTION: Hearing held. Release of \$50,000 recommended. Filed.
(File 79-92-3.3.)

Remainder \$450,000 continued to call of the chair.
(File 79-92-3.2.)

REGULAR CALENDAR

2. File 101-92-59. [Government Funding] Ordinance appropriating \$2,440,000, Port Commission, for various capital improvement projects. RO #92178 (Controller)

ACTION: Hearing held. Amended on page 1 line 2 (in title) after "1992-93" by adding "placing \$2,440,000 on reserve; and on page 2 by adding "Section 2. Funds in the amount of \$2,440,000 (for capital improvement projects) are hereby placed on reserve pending selection of the contractors and the MBE/WBE status of the contractors."

New Title: "Appropriating \$2,440,000, Port Commission, for various capital improvement projects; placing \$2,440,000 on reserve."

Recommended as amended.

3. File 101-92-61. [Government Funding] Ordinance appropriating \$71,327, Board of Supervisors, for professional services and services of other departments-miscellaneous departments; subject of previous budgetary denial. RO #92193. (Controller)

ACTION: Hearing held. Recommended.

4. File 97-93-18. [General Assistance Property and Grant Levels] Ordinance amending Administrative Code by amending Sections 20.56.10 and 20.57 (General Assistance Ordinance) relating to allowable personal property and to the computation of aid grants. (Department of Social Services)

ACTION: Hearing held. Amended on page 7 line 10 by replacing "six" with "twelve" and after "commencing" by replacing "six months after the program is implemented" with "June 1, 1994, and ending June 1, 1996," and by reinserting "the General Manager shall report to the Board of Supervisors and to the Mayor the progress and results of the program to date."
Recommended as amended.

5. File 142-93-1. [Water Rates - Finding] Resolution making a finding that no tax subsidy will be required by the San Francisco Water Department by reason of rescission of the water rate schedule W-42, water use in excess of allotment, charged by the San Francisco Water Department. (Supervisor Kaufman)

ACTION: Hearing held. To Board with recommendation Do Pass. (Supervisors Alioto, Hallinan added as co-sponsors.)

6. File 142-93-1.1.[Water Rates] Resolution approving the rescission of water rate schedule W-42 charged by the San Francisco Water Department for water use in excess of allotment. (Supervisor Kaufman)

ACTION: Hearing held. To Board with recommendation Do Pass. (Supervisors Alioto, Hallinan added as co-sponsors.)

7. File 142-93-1.2. [Water Rates] Resolution disapproving the rescission of water rate schedule W-42 charged by the San Francisco Water Department for water use in excess of allotment. (Supervisor Kaufman)

ACTION: Hearing held. To Board with recommendation Do Not Pass. (Supervisors Alioto, Hallinan added as co-sponsors.)

8. File 12-93-13. [State Budget] Resolution urging the Governor and State Legislature to protect the revenues of the Cities and counties, fully fund mandated programs, and declaring the City's intention to participate in a rally on May 19, 1993 in the State Capital advocating for the revenue needs of the Cities and counties. (Supervisor Migden)

ACTION: Hearing held. Amended on page 1 line 4 (in title) by deleting "fully fund mandated programs"; and on page 2 by deleting "such as requiring a simple majority on bond issues and taxes where the law requires such a vote"; and on page 3 by deleting "Resolved, That the Board of Supervisors calls upon the State Legislature to suspend all State mandated programs for which it does not provide funding to the Cities and Counties".

New Title: "Urging the Governor and State Legislature to protect the revenues of the Cities and counties and declaring the City's intention to participate in a rally on May 19, 1993 in the State Capital advocating for the revenue needs of the Cities and counties."

Recommended as amended. (Supervisor Alioto added as co-sponsor.)

5F
890.07
#3
4/14/93

CITY AND COUNTY



Public Library, Documents Dept.
ATTN: Jane Judson
OF SAN FRANCISCO

BOARD OF SUPERVISORS

BUDGET ANALYST

1390 MARKET STREET, SUITE 1025

SAN FRANCISCO, CALIFORNIA 94102 • TELEPHONE (415) 554-7642

DOCUMENTS DEPT.

APR 13 1993

SAN FRANCISCO
PUBLIC LIBRARY

April 12, 1993

TO: Budget Committee
FROM: Budget Analyst *Recommendations.*
SUBJECT: April 14, 1993 Budget Committee Meeting

Item 1a - File 101-90-57.4

Note: This item was continued at the April 7, 1993, Budget Committee meeting. At that meeting, the Budget Committee released funding in the amount of \$822,588 for an International Terminal elevator upgrade project, but continued to reserve an additional \$655,375 that had also been requested for release to perform environmental cleanup work, pending the Airport providing cost details on the proposed project.

Department: Airports Commission

Item: Requesting release of reserved funds for hazardous waste work.

Amount: \$655,375

Source of Funds: Interest income on unused balances of the Airport's capital project funds remaining from completed projects, as follows:

Airport Capital Improvement Fund	\$ 7,466,608
1967 General Obligation Bonds	56,756
1975 Series A Revenue Bonds	382,135
1977 Series B Revenue Bonds	483,130
1981 Series C Revenue Bonds	4,475,268
1983 Series D Revenue Bonds	3,018,705
1990 Series E Revenue Bonds	<u>2,021,000</u>
Total Source of Funds	\$17,903,602

Description: In March of 1991, the Board of Supervisors appropriated interest earned on the residual balances of funds from capital improvement projects that had been completed at the Airport in the amount of \$17,903,602 (File 101-90-57) for the following projects:

Replace Electrical Equipment and Change Field Lighting Voltage	\$ 2,900,000
Construct High Speed Exit Taxiway	5,107,830
Dike Reconstruction - Phase 5	1,300,000
Centerline Lights & Taxiway Lights Upgrade	1,595,772
Extend Runway Safety Area - Phase I	3,000,000
Runway Exit Fillet Widening- Phase I	1,000,000
Electrical Power Distribution System Upgrade	3,000,000
Total Request	<u>\$17,903,602</u>

Architectural and engineering design, inspections and project management for all of the proposed projects were to have been performed in-house by Airport staff, which accounts for \$2,685,540 or 15 percent of the amount requested for each project. The remaining 85 percent of the \$17,903,602 requested, or \$15,218,062, was placed on reserve pending selection of the outside contractors and determination of the contract cost details and the MBE/WBE status of the contractors.

The Airport requests the release of \$655,375 of the previously reserved funds of \$15,218,062 to provide funding for environmental clean-up of two pending Airport construction sites. Including costs for architectural/engineering, inspections, and contingencies, which total 22.5 percent of the construction work, the cost the project is as follows:

Environmental Cleanup Work	\$535,000
Architectural/Engineering and Inspections (15%)/Contingencies (7.5%)	<u>120,375</u>
Total Funds Requested	\$655,375

It should be noted that the proposed environmental clean-up project is not included in the capital improvement projects listed above, for which funds were originally appropriated (see Comment No. 2).

Ms. Angela Gittens of the Airports Commission reports that the Airport is required to perform an environmental assessment, develop a remediation plan, and perform abatement work for any Airport site prior to commencing construction on that site. The required environmental work would be performed at two Airport sites. The planned use for one site is that of a vehicle parking area for airline employees who have been displaced from other Airport parking areas. The planned use for the other site is a staging area for shuttle van operations.

Comments:

1. The Finance and Budget Committees of the Board of Supervisors previously released from the reserved amount of \$15,218,062 funding in the amount of \$2,436,885 (File 101-90-57.1), \$1,724,441 (File 101-90-57.2), \$5,829,607 (File 101-90-57.3), and \$822,588 (File 101-90-57.4) in May and August of 1991, February of 1993, and April of 1993, respectively. Therefore, funding in the amount of \$4,404,541 remains on reserve from which the requested amount of \$655,375 is available.

2. As previously noted, the environmental clean-up project is not included in the list of projects for which the Board of Supervisors had appropriated the \$17,903,602. Mr. John Martin of the Airport reports that since 1990, proceeds of Airport bonds sold must be expended according to time schedules imposed by the Internal Revenue Service. In order to adhere to those schedules and avoid paying penalties, the Airport is required to constantly adjust its financing plans to expend restricted bond proceeds as quickly as possible.

3. Mr. Martin reports that the projects for which the \$17,903,602 was originally appropriated are all scheduled to be completed, using future capital project funds, subject to separate appropriation by the Board of Supervisors.

4. Wahler Associates, in association with AGS, Inc., (MBE), has been selected to perform the environmental assessment and remediation work. Wahler Associated/AGS, Inc., was selected from a total of seven proposers based on a point system used by a panel consisting of four panelists that was convened by the Airport. Cost details of the proposed contract are as follows:

<u>Cost Element</u>	<u>Amount</u>
Consultants (5,500 hrs. @ \$85/hr. avg)	\$467,500
Laboratory Testing	50,000
Drilling equipment rental	<u>17,500</u>
Total	\$535,000

5. The environmental cleanup work is scheduled to commence in April of 1993 and to be completed by the end of March 1994.

6. Mr. John Madden of the Controller's Office reports that the Controller's Office does not object to the proposed use of funds and that approval of funds for the environmental clean-up project is within the purview of the Board of Supervisors. Mr. Ted Lakey of the City Attorney's Office has advised the Budget Analyst that the proposed release of reserve is legal.

Recommendation: Release funds in the amount of \$655,375 for the environmental cleanup project.

BOARD OF SUPERVISORS
BUDGET ANALYST

Item 1b - File 79-92-3.2

Department Mayor's Office of Community Development (MOCD)

Item: Release of reserved funds for the Lead Hazard Reduction Program for Community Development Block Grant funded child care centers.

Amount: \$500,000

Source of Funds: Community Development Block Grant (CDBG) Funds

Description: The Board of Supervisors previously approved the City's 1993 Community Development Block Grant Program (File 79-92-3) in the amount of \$21,708,373. At the same time, the Board placed \$500,000 for the Lead Hazard Reduction Program Pool on reserve pending submission of budget details to the Board of Supervisors.

The MOCD advises that the Lead Hazard Reduction Program is intended to reduce the hazard of lead contamination in child care centers. According to the MOCD, the high percentage of older buildings in San Francisco that have paints, flooring and ceiling containing lead place children at higher risk of exposure to lead, which presents a significant health hazard to children. Under this Program, child care facilities would be inspected and tested/analyzed for lead concentrations in paint, soils, water and other areas. The MOCD advises that child care facilities that have previously received or are currently receiving CDBG funds would be eligible for funds to pay for rehabilitation efforts to reduce lead contamination. The MOCD advises that over the past 15 years, 58 nonprofit child care facilities located in San Francisco have been funded for various capital improvements and therefore would be eligible (see attached list). According to the MOCD, typical improvements, for the removal of lead contamination, would include renovations of floor and ceiling materials, installation of wood trims and doors, replacement of contaminated soil, and painting.

The MOCD reports that \$50,000 of the \$500,000 placed on reserve for the Lead Hazard Reduction Program would be used to pay for (1) testing/analysis and inspection at the 58 child care facilities previously noted, to determine if lead hazards exist and (2) the development of an abatement program for each of those facilities that have tested positively for lead contamination. The remaining \$450,000 would be used to pay for the improvements necessary for the removal of lead

BOARD OF SUPERVISORS
BUDGET ANALYST

hazards from those child care facilities that test positively for lead contamination.

The MOCD advises that site testing/analysis and inspection of the 58 child care centers would be performed by an Industrial Hygienist employed by the Department of Public Health (DPH). Laboratory analysis of paint chips and water would also be undertaken at this time by the Department of Public Works and the Water Department respectively. The Industrial Hygienist is expected to complete the site testing/analysis and inspection work at the rate of about one child care facility per week. The field data would then be analyzed by the Industrial Hygienist and, based on the results of the analysis, an abatement program would be developed for each child care site that has tested positively for lead contamination. The abatement program would in turn serve as the basis for the MOCD to determine the improvement items that should be funded. Based on the scope of the abatement program, a budget would be prepared by the MOCD and the child care facility would then be given an opportunity to apply for the Lead Hazard Reduction Program Pool funds in the amount budgeted by the MOCD.

The child care facilities would be responsible for issuing bids to acquire the contractors to perform the necessary improvements to remove the lead hazards. The MOCD estimates that the improvements would range from \$5,000 to \$25,000, with an average of \$18,000 per child care facility. The MOCD's general policy would be to not award grants exceeding \$25,000. The alternative to funding improvements that exceed \$25,000 would be to recommend that the child care program relocate to another facility. Based on a average of \$18,000 per child care facility, the \$450,000 earmarked for improvements would be sufficient to pay for lead hazard removal at approximately 25 of the 58 child care facilities. The MOCD advises that the improvements for the remaining 33 facilities (58 less 25), if required, would be paid for by future CDBG funds set aside for this purpose. The MOCD notes that the 58 eligible child care facilities would be evaluated initially on the basis of the age of the facility, the physical condition of the paint in the facility and the number of children occupying the facility, to determine which facilities should be given first priority to receive improvement funds.

Budget details for the expenditure of the \$50,000, are shown below:

BOARD OF SUPERVISORS
BUDGET ANALYST

Industrial Hygienist (0.48 FTE of a DPH employee)	\$28,000
Drinking Water Tests/Analysis	7,000
Paint Chip Laboratory Tests/Analysis	6,000
Clearance & Dust Wipe Tests/Analysis	6,000
Preparation of Abatement Specifications	<u>3,000</u>
Total	\$50,000

Comments:

1. The above-described work costing \$50,000 must first be accomplished in order to determine what specific projects would be funded with the remaining \$450,000 which is also being requested for release at this time.

2. Since the MOCD is unable, at this time, to provide the budget details on the specific child care projects, the Budget Analyst recommends that the \$450,000 designated for improvements at the child care facilities continue to be reserved pending the MOCD's submission of budget details on the specific child care projects.

3. Mr. Jon Pon of the MOCD advises that access to the \$450,000 portion of the Lead Hazard Program Pool funds would allow the MOCD to enter into grant agreements with the child care facilities on an expedited basis as lead hazards are identified. As noted above, the Industrial Hygienist is expected to complete site testing/analysis and inspections at the rate of one child care facility per week. MOCD notes that these funds would be used solely for the reduction and elimination of lead hazards in the child care facilities. Therefore, the MOCD disagrees with the Budget Analyst's recommendation to continue to reserve the \$450,000.

Recommendation: Release \$50,000 of the \$500,000 in reserved funds and continue to reserve \$450,000 pending MOCD's submission of budget details on the specific child care projects.

CDBG-FUNDED CHILDCARE FACILITIES

1. Community Children's Nursery
2. Companeros Del Barrio Center
3. Cross Cultural Family Center
4. Haight Ashbury Children's Center
5. Mission Childcare Consortium
6. Nihonmachi Little Friends
7. Ping Yuen Childcare Center
8. St. Patrick's Day Care
9. Unitary Childcare
10. Visitacion Valley Community Center (50 Raymond)
11. Westside Court
12. Burt Children's Center
13. Haight Ashbury Cooperative Nursery
14. Kai Ming Head Start
15. Noe Valley Childcare
16. Holy Family Day Care
17. Friends of St. Francis
18. Wu Yee Lok Yuen
19. Traveler's Aid Childcare
20. Florence Crittenton Services
21. Family Service Agency
22. Bay Area Children's Center
23. Yook Yau J. Ga Day Care
24. True Sunshine Childcare
25. Chinatown Community Children's Center
26. Audrey L. Smith Development Center (1101 Masonic)
27. Wah Mei Children's Center
28. North of Market Child Development Center
29. SF Community College District
30. CAHEED, Inc. - Center Improvement
31. Kids' Corner Cooperative Nursery
32. Potrero Hill Neighborhood House Childcare Center
33. Mission Neighborhood Centers, Capp Street Center

34. Mission Neighborhood Centers, Precita Center
35. Mission Neighborhood Centers, 24th Street Center
36. Mission Neighborhood Centers, Valencia Center
37. Tenderloin Community Children's Center
38. Misrae's Language Arts Day Care Center
39. Alfa Residential Care
40. Buen Dia Day Care
41. Early Years Academy, Inc.
42. The Family School
43. Visitation Valley Community Center (325 Arleta)
44. Audrey L. Smith Developmental Center, Inc. (1050 McAllister)
45. Miraloma Cooperative Nursery School
46. California Human Resources
47. Oakes Children's Center
48. First S.F. Children's Center
49. Telegraph Hill Neighborhood Center
50. Whitney Young Development Center
51. William T. Shorey Children Childcare Center
52. YMCA - Central Branch
53. YMCA - Sutter Street
54. YMCA - Mission Branch
55. YMCA - Richmond Branch
56. YMCA - Buchanan Branch
57. Wu Yee Childcare (902 Stockton)
58. Wu Yee Childcare (777 Stockton)

[3357C]

Item 2 - File 101-92-59

Department:	Port of San Francisco	
Item:	Supplemental Appropriation Ordinance for Capital Improvement Projects	
Amount:	\$2,440,000	
Source of Funds:	San Francisco Harbor Operating Fund- Unappropriated Revenue	\$1,300,000
	Fire Insurance Proceeds Fund - Unreserved Fund Balance	<u>1,140,000</u>
	Total Source of Funds	\$2,440,000

Description: The proposed supplemental appropriation ordinance would appropriate the unappropriated revenue and the unreserved fund balance shown above to complete the following two capital improvement projects:

Modification of Two Container Cranes \$2,300,000

The modification of the two container cranes, which are located at the South Container Terminal, Piers 94/96, includes raising the cranes approximately 17 feet and adding elevators, safety lighting, and two spreaders¹. Mr. Ben Kutnick of the Port reports that the existing crane configuration cannot efficiently move container boxes that are five levels high, which causes ships to be loaded and unloaded in a less than optimum configuration. According to Mr. Kutnick, the proposed improvements would (a) extend the life expectancy of the cranes by approximately 10 years, (b) increase the operational efficiency of the cranes by approximately 10 percent, and (c) avoid the alternative of purchasing new cranes at a cost of approximately \$7 million each. The cost estimate for the modification of the container cranes is as follows:

¹A spreader is a crane fixture that attaches to a container to effect moving the container.

Crane Raising		\$1,430,000
Analysis and Design		40,000
Purchased Components:		
Hoist Gearboxes	\$113,000	
Elevators	290,000	
Spreaders	<u>380,000</u>	
Subtotal		783,000
Painting		<u>47,000</u>
Total		<u>\$2,300,000</u>

Remove Contaminated Material - Pier 28

\$140,000

Lead contaminated material is present on the shed roofs of Pier 28. The contaminated material must be removed prior to renovating, demolishing, or repairing the Pier's roofs, which according to Mr. Kutnick, are in disrepair.

Comments:

1. Mr. Kutnick reports that fire insurance proceeds in the amount of \$2,022,420, which are being used as a funding source for this request, were received from insurance carriers as compensation for the value of Port property destroyed in a May, 1984, fire at Piers 30/32. The sum of \$571,355 was previously expended from the \$2,022,420 on a container freight station design for Piers 30/32, leaving a current balance of \$1,451,065. Port Commission Resolution No. 92-108 includes a statement that authorizes the Port to expend the fire insurance proceeds on the "reconstruction and restoration of the property damaged or destroyed, or to the construction of other property if, in the opinion of the Commission, the construction of such other property will be of greater financial benefit than the restoration of the destroyed or damaged property."

2. The Board of Supervisors previously adopted Resolution No. 180-93 (File 172-93-2) on March 8, 1993, authorizing the Port to hold the State of California harmless for claims arising from maintenance and demolition work to be performed on Piers 24, 26, and 28. That hold harmless agreement is part of a larger negotiated agreement with the State whereby the State agrees to pay the Port for the costs required to remove the lead and sandblast materials from the roofs of various sheds on Piers 24 and 26. A provision of that hold harmless agreement makes the Port solely responsible for the cost of removing and disposing of contaminated material from Pier 28.

3. Mr. Kutnick reports that selection of contractors to perform the required work on both of the projects would be by evaluation of formal competitive bids, which has not yet taken place. Therefore, the proposed supplemental appropriation request should be reserved pending selection of the contractors and their MBE/WBE status.

4. The Capital Improvement Advisory Committee (CIAC) reports that while the proposed projects are not included in the Port's Annual Capital Budget, the proposed projects are included in the Department's internal Capital Plan. The CIAC, in a letter of 2/25/93 to the Mayor, the Board of Supervisors and the Controller recommends approval of the proposed projects.

Recommendation: Amend the proposed supplemental appropriation ordinance appropriating \$2,440,000 for the subject capital improvement projects for purposes of reserving the funds pending the selection of the contractors and the MBE/WBE status of the contractors and approve the proposed supplemental appropriation ordinance as amended.

Item 3 - File 101-92-61

Department: Board of Supervisors

Item: Supplemental Appropriation Ordinance appropriating \$71,327 for Professional Services and Services of Other Departments; subject of previous budgetary denial

Amount: \$71,327

Source of Funds: Cable TV Access Development and Program Fund

Description: The proposed supplemental appropriation ordinance would appropriate a total of \$71,327 for Professional Services (\$30,802) and Services of Other Departments-Miscellaneous Departments (Mayor's Office, \$40,525), detailed as follows:

Professional Services \$30,802

On December 30, 1992 the Finance Committee recommended that a motion (File 69-92-1) be approved directing the Clerk of the Board of Supervisors to submit to the Mayor a request for a supplemental appropriation of \$30,802 to the Board of Supervisors for services of the Budget Analyst, using funds which have accumulated in the Cable Television Access and Development Fund. That motion was approved by the Board of Supervisors on January 4, 1993. In accordance with the prior motion approved by the Board of Supervisors, the Mayor has submitted the proposed supplemental appropriation including \$30,802 for Professional Services in order to restore the equivalent of approximately 464 hours previously reduced for services of the Budget Analyst.

The City's FY 1992-93 budget, as initially approved by the Mayor and the Board of Supervisors, included a service level reduction from the FY 1991-92 level of \$40,505 for the services of the Budget Analyst. The \$40,525 funding reduction resulted in approximately a 610 hour reduction in services provided by the Budget Analyst. In October of 1992, the appropriation for the Budget Analyst was reduced for the second time by \$30,802 or, as noted above, the equivalent of approximately an additional reduction of 464 hours of Budget Analyst services. The total of these two reductions for 1992-93 was \$71,327, representing approximately 1,074 hours of Budget Analyst services.

The proposed supplemental appropriation request would appropriate \$30,802 from the unappropriated revenues in the Cable Television Access and Development Fund, a special

BOARD OF SUPERVISORS
BUDGET ANALYST

fund, to the Board of Supervisors 1992-93 budget, in order to restore the second reduction to the budget for contractual services of the Budget Analyst. The use of fees and special fund revenues for the services of the Budget Analyst is consistent with similar revisions approved by the Mayor and the Board of Supervisors, based on the recommendations of the Finance Committee in September of 1992 in revising the City's originally approved FY 1992-93 budget.

Services of Other Departments-Mayor's Office

40,525

On December 30, 1992 the Finance Committee also recommended that a second motion (File 69-93-1) be approved directing the Clerk of the Board of Supervisors to submit to the Mayor a request for a supplemental appropriation of \$40,525 to the Board of Supervisors for funding the Government Access Channel (GAC) in FY 1992-93, using funds which have accumulated in the Cable Television Access and Development Fund. The second motion was also approved by the Board of Supervisors on January 4, 1993. In accordance with this second motion previously approved by the Board of Supervisors, the Mayor has submitted the proposed supplemental appropriation of \$40,525 for Services of Other Departments-Mayor's Office in order to provide funding to begin operating a GAC during FY 1992-93. The purpose of the GAC is to distribute information about City government, its programs, services and concerns.

Ms. Anne Kronenberg of the Mayor's Office reports that the GAC is scheduled to begin operations on June 1, 1993. Initial broadcasts of the GAC will initiate at the Emergency Command Center located at 1003A Turk Street. As required by its franchise agreement with the City, Viacom will install the cable hookups for GAC broadcasting at the Emergency Command Center at no cost to the City. In subsequent years cable hookups will also be installed at the Veterans Memorial Building, the new Public Library and City Hall for broadcasting of the GAC. It has not yet been determined whether the City or Viacom will be responsible for the costs of these additional hookups. The Veterans Memorial Building will be the origin of broadcasts while City Hall is being repaired for earthquake damage and when repairs have been completed, City Hall will become the origin of broadcasts as well as the new Public Library.

The proposed supplemental appropriation of \$40,525 will be combined with \$35,000 carried over from prior years' appropriations for the GAC in the Cable TV Access Development and Program Fund for a total of \$75,525 (no

BOARD OF SUPERVISORS
BUDGET ANALYST

monies have been previously appropriated for the GAC in 1992-93). The \$75,525 will provide the first year of funding effective June 1, 1993, for the GAC through a contract with the San Francisco Community Television Corporation (SFCTC). The SFCTC, a nonprofit corporation, will be responsible for the management of the GAC including production, acquisition, scheduling and broadcasting of programs on the GAC. The SFCTC will be guided by the Municipal Program Advisory Committee (MPAC) that is composed of representatives from the City departments that are participating in the GAC. Representatives on the MPAC are from the Recreation and Park Department, the Public Library, the Public Utilities Commission, the Municipal Railway, the Board of Supervisors and the Mayor's Office.

The first year budget for SFCTC from June 1, 1993 through May 31, 1994 is as follows:

Personnel

Audio/Video Supervisor	
78 hours per month at \$10 per hour	\$9,360
Senior Cameraperson	
78 hours per month at \$8 per hour	7,488
Cameraperson	
78 hours per month at \$6 per hour	5,616
Studio Director	
4 hours per week at \$5 per hour	1,040
Studio Manager	
8 hours per week at \$5 per hour	2,080
Headend Technician and Programmer	
60 hours per week at \$8 per hour	24,960
Administrative Assistant	
20 hours per week (49 weeks) at \$10 per hour	9,800
Federal and State Payroll Taxes (for hourly employees)	<u>5,715</u>
Total Personnel Costs	\$66,059

Operating Costs

Video and Audio Tape	\$1,000
Channel Program Guide	1,141
Office Maintenance	<u>1,800</u>
Total Operating Costs	<u>\$3,941</u>
Total SFCTC Contractual Services	\$70,000

The SFCTC was selected to operate the GAC on a sole source provider basis because SFCTC has been operating the Public

BOARD OF SUPERVISORS
BUDGET ANALYST

Access Channel for several years and has gained expertise in working with Viacom and the City, which will be utilized in operating the GAC.

Ms. Kronenberg indicates that the \$5,525 balance between the total available funding of \$75,525 (\$40,525 proposed supplemental appropriation plus \$35,000 in carry over funding) for the first year of operation of the GAC and the \$70,000 SFCTC contract detailed above will be used to purchase additional programming or equipment or to make improvements to broadcast studio space for operation of the GAC.

According to Ms. Kronenberg, funding for operating the GAC in the future will be requested in the amount of approximately \$40,000 from the Cable TV Access Development and Program Fund and the approximately \$35,000 balance of funding required to operate the GAC each year will come from grants or other sources.

Comments:

1. The Cable Television Access and Development Fund currently has an available balance of \$99,494. The proposed transfer of \$71,327 from the Cable Television Access and Development Fund would leave an unappropriated balance of \$28,167 in this special fund. The Cable Television Access and Development Fund operating budget for 1992-93 totals \$74,804 in appropriated funding for contractual services to operate the Public Access Channel in addition to the unappropriated balance in the Cable Television Access and Development Fund.

2. Since the \$30,802 service reduction for the Budget Analyst services was originally included and then reduced from the City's FY 1992-93 budget, pursuant to San Francisco Charter Section 6.306, approval of the proposed supplemental appropriation ordinance requires a two-thirds vote of all members of the Board of Supervisors.

3. This supplemental appropriation request, as recommended by the Mayor, is fully consistent with the previous motions adopted by the Board of Supervisors on January 4, 1993. If this request is approved, the services of the Budget Analyst for FY 1992-93 will be reduced by \$40,525 instead of \$71,327.

BOARD OF SUPERVISORS
BUDGET ANALYST

Item 4 - File 97-93-18

Department: Department of Social Services (DSS)

Item: Ordinance amending the San Francisco Administrative Code by amending Sections 20.56.10 and 20.57 (General Assistance Ordinance) relating to allowable personal property and to the computation of aid grants. The DSS is submitting an Amendment of the Whole to the Budget Committee. The Budget Analyst's report is based on the Amendment of the Whole.

Description: The proposed amendments to the Administrative Code would provide for changes pertaining to the General Assistance (GA) Program. Section 20.56.10 entitled Allowable Personal Property, currently provides that no GA aid will be granted or paid for any person who has not depleted all assets and resources available to such person, except for personal properties such as: a) cash assets not to exceed the current grant amount, b) savings or checking accounts not to exceed \$25, c) personal effects, exclusive of luxury jewelry, d) household furnishings, e) tools, trade equipment and fixtures used in the individual's regular trade or work, f) insurance policies of funds placed in trust for the provision of interment or for funeral expenses not to exceed \$600 per family, g) an interment plot for use by members of the applicant's or recipient's family, and h) a vehicle with cash value of less than \$900. The proposed ordinance would amend item "h" of Section 20.56.10 by increasing the current \$900 allowable value of a vehicle by \$900 to \$1,800.

The DSS reports that currently GA applicants who have vehicles are denied aid if the vehicle value exceeds \$900. According to the DSS, because use of a car is helpful to clients in job searches and other GA program requirements, and because a car valued at \$900 is not likely to be very functional, the DSS is proposing to increase the allowable value. The DSS states that because few applicants are currently actually denied eligibility to the GA program due to excess vehicle value, the DSS estimates that the increase by \$900, from \$900 to \$1,800, would have limited, if any, impact on the overall cost of GA aid payments.

Section 20.57 entitled Computation and Payment of Aid Grants; Amounts Payable, provides the maximum monthly amounts of GA that can be paid to recipients who qualify for aid under the GA Program. The proposed amendment would update the Administrative Code to reflect maximum monthly amounts actually paid to GA recipients in 1992-93. Ms. Sally

Kipper of the DSS reports that the proposed increases for maximum monthly payments of aid to eligible recipients to be amended into Section 20.57 are intended to update the Administrative Code to reflect the actual amounts currently paid. According to Ms. Kipper, the proposed maximum monthly payments reflect increases that have occurred due to the cumulative effect of automatic annual cost-of-living adjustment (COLA) increases since this Section was last amended (see Comment No. 1). The maximum amounts currently listed in Section 20.57 and proposed monthly maximum amounts of aid that are actually being paid are as follows:

	<u>Current</u>	<u>Proposed</u>	<u>Increase</u>	<u>Percent Increase</u>
Single Individual	\$235	\$345	\$110	47
No. of Eligible Persons in Same Family				
2 Persons	395	567	172	44
3 Persons	480	703	223	46
4 Persons	591	834	243	41
5 Persons	682	952	270	40
6 Persons	768	1,070	302	39
7 Persons	845	1,175	330	39
8 Persons	933	1,281	348	37
9 Persons	1,022	1,388	366	36
10 Persons	1,111	1,508	397	36

Section 20.57 currently includes a sunset provision whereby the General Manager of the DSS may establish, for a two year pilot period, an Income Disregard Program for recipients who are employed. Under the Income Disregard Program (IDP), a certain amount of gross income up to \$270 which a recipient earns as wages and savings may be disregarded when determining a recipient's GA Program eligibility and grant amount. According to the DSS, the IDP creates an incentive for GA recipients to work, thus decreasing their dependence upon GA which results in savings in the overall amount of GA granted. Section 20.57 also currently provides that the General Manager must report to the Board of Supervisors and to the Mayor the progress and results of the IDP every six months (see Comment No. 2).

The proposed ordinance would amend Section 20.57 to delete the present sunset date for the IDP. The proposed amendment would extend the IDP beyond the two year pilot period and would eliminate the need for reporting results of the program every six months. Under the proposed ordinance, the DSS would have no reporting requirements to the Board of Supervisors pertaining to the IDP.

BOARD OF SUPERVISORS
BUDGET ANALYST

Lastly, the proposed ordinance would add a new subsection to the current Section 20.57, providing that COLAs on GA benefits that are currently provided would be suspended for Fiscal Year 1993-94 and that the COLA for subsequent fiscal years would not include any additional adjustments to compensate for any fiscal year in which the COLA was suspended.

Comments:

1. Ms. Kipper reports that the proposed increases for maximum monthly payments of aid to eligible recipients to be amended into Section 20.57 are intended to update the Administrative Code to reflect the actual amounts currently paid. According to Ms. Kipper, the proposed maximum monthly payments reflect increases that have occurred due to the cumulative effect of the automatic annual COLA increases since this Section was last amended. The proposed monthly increases in the aid amounts paid to GA recipients would not increase the City's overall GA costs because the 1992-93 budget for GA is based on the actual maximum monthly payment amounts that include all COLA increases for prior years. For Fiscal Year 1992-93 GA was budgeted in the amount of \$53.2 million. Ms. Kipper states that from approximately June 1992 through December 1992, caseloads unexpectedly decreased or leveled off (i.e. June 1992 caseload was 14,567 and December 1992 caseload was 14,179). According to Ms. Kipper, actual GA expenditures for fiscal year 1992-93 are therefore projected to cost approximately \$50.9 million or approximately \$2.3 million less than the original amount budgeted.

2. Ms. Kipper reports that the DSS will submit to the Board of Supervisors a final 24 month IDP report which will demonstrate the estimated savings and costs achieved with the IDP. Ms. Kipper states that the DSS conducted a 13 month report rather than a 12 month report because the IDP began in December 1990 rather than in January 1991. Therefore, for reporting purposes of reflecting a complete calendar year, Ms. Kipper advises that the DSS included the "extra" month in its required 12 month report. Additionally, Ms. Kipper reports that an 18 month report was not conducted due to a lack of staffing available at the DSS at that time. In response to inquiries from the Budget Analyst pertaining to the fact that, under the proposed ordinance, there would no longer be any reporting requirements on the IDP to the Board of Supervisors, Ms. Kipper advises that the DSS is agreeable to report on the IDP to the Board of Supervisors annually for the next three years.

BOARD OF SUPERVISORS
BUDGET ANALYST

3. According to Ms. Kipper, the Administrative Code pertaining to the GA program ties the GA grant to the State's Minimum Basic Standard of Adequate Care, which is indexed to the California Necessities Index (CNI). The DSS reports that without action to suspend the COLA, it will increase automatically on July 1, 1993 by 70 percent of any increase in the CNI, as it did in July of 1992. Ms. Kipper advises that in July of 1992, the DSS did not have adequate notice of the increase to take action on the suspension which resulted in the DSS funding a COLA that is costing the General Fund approximately \$625,000 in 1992-93. Ms. Kipper states that AFDC (Aid to Families and Dependent Children) and SSI (Social Security Income) COLAs have been suspended by the State Legislature for a five year period, and in addition, according to the DSS, the AFDC grant has been cut by approximately ten percent over the past two years. Ms. Kipper reports that because GA programs differ from county to county, and each county is able to develop a program to suit its own needs, many counties do not have GA program COLA provisions that are automatically tied in to the CNI as San Francisco does. Ms. Kipper advises that some counties tie their GA grants to the dollar value of AFDC grants, which has resulted in GA grant reductions. Ms. Kipper reports that Los Angeles County suspended its AFDC COLA for a five year period of time, that San Diego County has not increased its COLA since 1988, and that Alameda County has not increased its COLA since 1989 and just recently decreased the COLA in January, 1993.

- Recommendations:**
1. Approve the amendment to increase monthly GA aid payments since this amendment simply reflects the actual amounts being paid.
 2. Amend the proposed ordinance to require the DSS to report on the IDP on an annual basis for the next three years.
 3. Approval of the amendments to, a) Section 20.56.10 - increase in allowable vehicle value by \$900 from \$900 to \$1,800, b) Section 20.57 - deletion of the sunset and reporting provisions pertaining to the Income Disregard Program (as amended), and c) Section 20.57 - the COLA suspension on GA benefits for Fiscal Year 1993-94, are policy matters for the Board of Supervisors.

BOARD OF SUPERVISORS
BUDGET ANALYST

Item 5, 6, and 7 - Files 142-93-1, 142-93-1.1, and 142-93-1.2

Department: Public Utilities Commission
Water Department

Items: The three proposed resolutions all relate to the Public Utilities Commission's (PUC) proposed rescission of Water Rate Schedule W-42, which prescribes rates for water use in excess of water allotments (excess use charges). File 142-93-1 (Item 5) would make a finding that no tax subsidy will be required by the San Francisco Water Department by reason of rescission of the Water Rate Schedule W-42, Water Use in Excess of Allotment, charged by the San Francisco Water Department. File 142-93-1.1 (Item 6) would approve the rescission of Water Rate Schedule W-42. File 142-93-1.2 (Item 7) would disapprove the rescission of Water Rate Schedule W-42.

Description: The PUC adopted Resolution No. 90-0144 in May of 1990, implementing a Mandatory Water Rationing Program to conserve water usage. Enforcement of water allocations was provided for under Water Rate Schedule W-42, Water Use in Excess of Allotment.

In March of 1993, the PUC adopted Resolution No. 93-0090, that rescinds Water Rate Schedule W-42, Water Use in Excess of Allotment, effective with meter readings made on or after February 23, 1993. However, the Board of Supervisors, in accordance with Charter Section 3.598, must approve or disapprove any changes to water rate schedules.

File 142-93-1 (Item 5), would make a finding that no tax subsidy will be required by the San Francisco Water Department by reason of the rescission of the Water Rate Schedule W-42. The PUC has submitted a report to the Board of Supervisors, in accordance with Section 2.25 of the Administrative Code, which states that the rescission of charges will have no expected tax subsidy for FY 1992-93 or for FY 1993-94.

File 142-93-1.1 (Item 6) and File 142-93-1.2 (Item 7) are alternative resolutions that would approve or disapprove the PUC's action to rescind Water Rate Schedule W-2, respectively.

Comments: 1. Charter Section 3.598, "Utility Rates," provides that "rates for each utility except the municipal railway shall be so fixed that the revenue therefrom shall be sufficient to pay, for at least the succeeding fiscal year, all expenses of every kind

and nature incident to the operation and maintenance of said utility, together with the interest and sinking fund for any bonds issued for the...of said utility. Charter Section 3.598 further provides that should the PUC propose a schedule of rates that would not produce such revenue, it may do so with the approval of the Board of Supervisors, by a two-thirds vote, and that it shall thereupon be incumbent to provide by tax levy for the additional amount necessary to meet such deficit. As previously stated, the PUC reports that the proposed rescission of Water Rate Schedule W-42 will not require that a tax subsidy be made to the Water Department. File 142-93-1 (Item 5), would make that necessary finding by the Board of Supervisors. The Budget Analyst concurs that a tax subsidy will not be required.

2. PUC Resolution No. 93-0090, previously cited, states in part that current estimates show that increased precipitation in the Bay Area watershed and reservoirs along with increased snowpack in the Sierra watershed and reservoirs during the winter of 1992-93 have ensured that the runoff in the Spring of 1993 will be sufficient to eliminate the need for water rationing and excess use charges. The estimated revenues collected from excess use charges have accounted to approximately \$14.6 million during the 32 month period of July 1, 1990 through February 23, 1993 (or approximately \$456,300 per month). Ms. Christine Morioka of the Water Department reports that the Department is currently updating its water revenue estimates for FY 1992-93 and FY 1993-94 and that those estimates will be available for review on or about April 19, 1993. The budgeted revenues of the Water Department for FY 1992-93 from the sale of water, including excess water use charges, were \$101,537,980.

3. The PUC has abolished the Mandatory Water Rationing Program which, according to Mr. Ted Lakey of the City Attorney's Office, is within its purview, without the necessity of approval by the Board of Supervisors. Therefore, continuation of Water Rate Schedule W-42 would have no practical effect because there are no excess water use charges which would be applicable to that Schedule.

4. With respect to File 142-93-1.1 (Item 6), which would approve the PUC's rescission of Water Rate Schedule W-42, Section 3.598 of the Charter provides that approval of such action by the Board of Supervisors may be accomplished by majority vote.

5. With respect to File 142-93-1.2 (Item 7), which would disapprove the PUC's rescission of Water Rate Schedule W-

BOARD OF SUPERVISORS
BUDGET ANALYST

42, Section 3.598 of the Charter provides such disapproval shall require a two-thirds vote, and if so rejected, would result in the continuation of excess use charges for water used in excess of water allotments. However, as previously noted, such an action would have no practical effect since the PUC has already abolished the Mandatory Rationing Program.

6. Section 5.598 of the Charter also provides that should the Board of Supervisors fail to act on any proposed rate change within 30 days, such rate changes shall thereupon become effective.

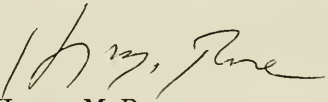
- Recommendations:**
1. Approve File 142-93-1 (Item 5) to make a finding that no tax subsidy will be required by the San Francisco Water Department by reason of the proposed rescission of Water Rate Schedule W-42, Water Use in Excess of Allotment (excess use charges).
 2. Approve File 142-93-1.2 (Item 6), to rescind Water Rate Schedule W-42 pertaining to excess use charges.
 3. Do not approve File 142-93-1.2 (Item 7), which would disapprove the rescission of Water Rate Schedule W-42.

Item 8 - File 12-93-13

1. The proposed resolution would urge the Governor and the State Legislature to protect the revenues of cities and counties and fully fund mandated programs and would declare San Francisco's intention to participate in a rally on May 19, 1993 in the State Capital advocating for the revenue needs of cities and counties.

2. According to the proposed resolution, cities have been contributing more than \$240 million annually in local funds to the State General Fund through cigarette taxes, trial court funding and other fees levied in the last two years.

3. The Association of Bay Area Governments (ABAG) estimates total losses of revenue due to proposed State funding reductions for Fiscal Year 1993-94 will amount to approximately \$240 million for nine San Francisco Bay Area counties and the cities within those counties. ABAG's estimate of revenue loss for the City and County of San Francisco is approximately \$54.1 million.



Harvey M. Rose

cc: Supervisor Migden
Supervisor Hsieh
President Alioto
Supervisor Achtenberg
Supervisor Bierman
Supervisor Conroy
Supervisor Hallinan
Supervisor Kaufman
Supervisor Kennedy
Supervisor Maher
Supervisor Shelley
Clerk of the Board
Chief Administrative Officer
Controller
Teresa Serata
Barbara Kolesar
Ted Lakey

4/21/93

CALENDARAction
Taken

DOCUMENTS DEPT.

MEETING OF
BUDGET COMMITTEE
BOARD OF SUPERVISORS
CITY AND COUNTY OF SAN FRANCISCO

AUG 27 1996

SAN FRANCISCO
PUBLIC LIBRARYWEDNESDAY APRIL 21, 1993 2:00 P.M.

ROOM 228, CITY HALL

PRESENT: SUPERVISORS MIGDEN, HSIEH, ALIOTO

CLERK: KAY GULBENGAY

NOTE: Copies of the Budget Analyst's Report will be available for review on the counter in the Office of the Clerk of the Board, Room 235, City Hall, 10:00 a.m., the date of the meeting.

CONSENT CALENDAR

1. All matters listed hereunder constitute a Consent Calendar, are considered to be routine by the Budget Committee, and will be acted upon by a single roll call vote of the Committee. There will be no separate discussion of these items unless a member of the Committee or a member of the public so requests, in which event the matter shall be removed from the Consent Calendar and considered as a separate item.
- (a) File 133-92-2.5. [Release of Funds] Requesting release of reserved funds, Chief Administrative Officer/Solid Waste Management Program, in the amount of \$25,000, for school assembly programs to educate students about the importance of recycling and waste reduction, as well as recycling options in San Francisco (Jack Golden, contractor). (CAO/Solid Waste Management Program)

ACTION: Hearing held. Release of \$27,700 recommended. Filed.

REGULAR CALENDAR

2. File 270-93-3. [Mayor's Earthquake Emergency Relief Fund Expenditure] Resolution approving expenditure of \$289,549 from the Mayor's Earthquake Emergency Relief Fund to modernize certain equipment assigned to the Office of Emergency Services (OES), and to equip the Emergency Command Center (ECC) of the City and County of San Francisco. (Mayor's Office of Emergency Services)

ACTION: Continued to May 5, 1993 meeting.

3. File 12-93-16. [Assembly Bill 2207] Resolution Supporting AB 2207 adjusting salaries and number of personnel of Superior and Municipal Courts. (Municipal Court)

ACTION: Hearing held. Recommended.

4. File 123-93-3. [Fire District Procedure Code] Ordinance amending the San Francisco Public Works Code by enacting a new Article 6.2 to authorize the Board of Supervisors to initiate proceedings to establish a Fire Protection Assessment District and to levy annual fire protection assessments. (Supervisor Migden)

ACTION: Hearing held. Amendment of the whole (as presented by Supervisor Migden) adopted. Bearing same title.
Recommended as amended. (Supervisor Hsieh dissented.)

07
CITY AND COUNTY



Public Library, Documents Dept.
ATTN: Jane Judson
OF SAN FRANCISCO

93
BOARD OF SUPERVISORS

BUDGET ANALYST

1390 MARKET STREET, SUITE 1025

SAN FRANCISCO, CALIFORNIA 94102 • TELEPHONE (415) 554-7642

DOCUMENTS DEPT.
APR 20 1993

SAN FRANCISCO
PUBLIC LIBRARY

April 19, 1993

TO: Budget Committee
FROM: Budget Analyst *Recommendations*
SUBJECT: April 21, 1993 Budget Committee Meeting

Item 1a - File 133-92-2.5

Department: Chief Administrative Officer
Solid Waste Management Program

Item: Release of reserved funds, Chief Administrative Officer/Solid Waste Management Program, in the amount of \$25,000, for school assembly programs to educate students about the importance of recycling and waste reduction, as well as recycling options in San Francisco

Amount: \$25,000

Source of Funds: Refuse Collection and Disposal Fees Impound Account

Description: In August of 1992, the Board of Supervisors approved legislation (File 133-92-2) authorizing the Chief Administrative Officer to accept and expend monies, in the amount of \$2,896,061, from the Refuse Collection and Disposal Fees Impound Account for various Solid Waste Management Program projects. Of the \$2,896,061 total, the Board of Supervisors placed \$31,500 on reserve for school education programs pending selection of a consultant, estimated hours, hourly rates, and MBE/WBE status of the consultant. The school assembly program will educate students about the importance of recycling and waste reduction, as well as recycling options in San Francisco.

Ms. Marcia deVaughn of the CAO advises that the request for release of reserve in the amount of \$25,000 is incorrect and that the CAO is actually requesting that \$27,700 of the \$31,500 amount placed on reserve be released, which would leave a remaining balance of \$3,800 on reserve for school education programs.

Through the CAO's Request For Proposal process, the CAO selected Mr. Jack Golden as the consultant for the school assembly program. Mr. Golden is not a MBE or a WBE. The CAO's proposed school assembly program budget is as follows:

Consultant Contract

50 performances at approx. \$375 each*	\$18,750
Travel	<u>4,950</u>
Sub-Total Consultant Contract	\$23,700

Promotional Supplies

Pencils (20,000 inscribed pencils @ approx. \$.13 each)	\$2,500
Information Packets	<u>1,500</u>
Sub-Total Promotional Supplies	<u>4,000</u>

Total Program Budget	\$27,700
----------------------	----------

*Mr. Golden charges approximately \$94 dollars per hour. Ms. Roopal Mayor of the CAO advises that each assembly performance takes a total of approximately 4 hours ($\$94 \times 4 = \376 per performance rounded to \$375).

Comment: Ms. deVaughn reports that the CAO is requesting a release of reserve in the amount of \$27,700 or \$2,200 more than its original request of \$25,000. Ms. deVaughn advises that the CAO incorrectly budgeted the amount of educational supplies needed for the school assembly program. The proposed legislation should be amended to reflect a request of release of reserves in the amount of \$27,700.

Recommendations:

1. Amend the proposed legislation to reflect that the CAO is requesting a release of reserve in the amount of \$27,700 rather than the \$25,000 as is stated.
2. Approve the release of reserve in the amount of \$27,700 as requested and continue to reserve \$3,800 (\$31,500 on reserve less the \$27,700 requested).

Item 2 - File 270-93-3

Department: Mayor's Office of Emergency Services

Item: Resolution approving expenditure of \$289,549 from the Mayor's Earthquake Emergency Relief Fund to modernize certain equipment assigned to the Office of Emergency Services (OES), and to better equip the Emergency Command Center (ECC) of the City and County of San Francisco.

Source of Funds: Mayor's Earthquake Emergency Relief Fund

Amount: \$289,549

Description: The design and construction of the City's new Emergency Command Center (ECC), located at 1003A Turk Street, was paid for by 1986 Fire Protection Bonds (Proposition A). The ECC, which recently became operational, is to be used to coordinate emergency relief efforts in the event of an earthquake or other natural disaster. In the event of an earthquake, the ECC will enable coordination of emergency efforts by various City departments including the Fire Department, the Department of Public Health, the Department of Electricity and Telecommunications, and the Department of Public Works. Additionally, the ECC will accommodate emergency personnel from the State Office of Emergency Services, the United States Army Corps. of Engineers, Pacific Gas & Electric, and the American Red Cross.

The 1986 Fire Protection Bonds which were used for the design and construction of the ECC, cannot be used for the purchase of equipment. As such, the Mayor's Office of Emergency Services is proposing to use the Mayor's Earthquake Emergency Relief Fund to purchase additional equipment aimed at enhancing the ECC's ability to conduct emergency recovery operations in the most efficient manner possible. The Board of Supervisors previously approved a request from the Mayor's Office of Emergency Services for the expenditure of \$213,000 from the Mayor's Earthquake Emergency Relief Fund to purchase equipment for the ECC in order to make the ECC operational (File 270-92-3).

The Mayor's Earthquake Emergency Relief Fund was established for purposes of receiving all private and public grants, gifts and bequests of money and property which may be offered to the City to provide relief from the October 17, 1989 Loma Prieta earthquake. Any monies expended from this Fund are subject to approval by the Board of Supervisors.

Memo to Budget Committee
April 21, 1993 Budget Committee Meeting

There is currently a balance of \$481,000 remaining in the Mayor's Earthquake Emergency Relief Fund.

Comment: The Mayor's Office of Emergency Services has requested that this item be continued to the Budget Committee meeting on May 5, 1993, in order to allow the Department additional time to submit budget details for the proposed equipment totaling \$289,549.

Recommendation: Continue this item to the Budget Committee meeting on May 5, 1993, as requested by the Mayor's Office of Emergency Services.

Item 3 - File 12-92-16

- Department:** Superior and Municipal Courts
- Item:** Resolution supporting AB 2207, which amends the California Government Code to adjust salaries and number of personnel of the Superior and Municipal Courts. The State Government Code designates the classifications, numbers and salaries of Judges and other support personnel in all California counties' Superior and Municipal Courts.
- Description:** Proposed Assembly Bill (AB) 2207 State legislation would amend certain sections of the California Government Code to authorize salaries and the number of personnel in San Francisco's Superior and Municipal Courts at the level which was previously approved by the Board of Supervisors for Fiscal Year 1992-93. Each year, all changes in the number and compensation of all personnel in the Superior and Municipal Courts authorized by the Board of Supervisors must be ratified by the State Legislature. This ratification is generally authorized within approximately one year after the Courts' budgets are approved by the Board of Supervisors. State legislation, authorizing the number of positions and the salary amounts of all Municipal and Superior Court personnel as approved by the Board of Supervisors for the forthcoming 1993-94 Fiscal Year, will not be adopted until approximately one year from now.
- In order for the State Legislature to approve AB 2207, the Board of Supervisors must first approve a resolution supporting AB 2207.
- Comment:** There are no additional costs to the City and County as a result of the enactment of AB 2207 since any costs associated with salaries and the number of positions in the Superior and Municipal Courts were previously included in the Courts' budgets for Fiscal Year 1992-93, and approved by the Board of Supervisors.
- Recommendation:** Approve the proposed resolution.

Item 4 - File 123-93-3

Item: Ordinance amending the San Francisco Public Works Code by enacting a new Article 6.2 to authorize the Board of Supervisors to initiate proceedings to establish a fire protection assessment district and to levy annual fire protection assessments.

Description: The proposed ordinance, to be known as the "San Francisco Fire Protection Assessment District Procedure Code," would (1) authorize the Board of Supervisors to initiate proceedings to establish a fire protection special benefit assessment district, and (2) describe the specific procedures which must be taken by the Board of Supervisors in order to establish such a district.

Enactment of the proposed ordinance would not result in the creation of a fire protection special benefit assessment district. Rather, the proposed ordinance is enabling legislation which would authorize the Board of Supervisors to initiate proceedings to create such a district, subject to the procedures described in the proposed ordinance, should the Board of Supervisors choose to do so.

The proposed ordinance would authorize the Chief Administrative Officer to initiate studies to investigate the economic relationship between fire protection services provided by the City and individual property values. The CAO's report would be required to be filed with the Clerk of the Board of Supervisors before action could be taken by the Board of Supervisors to establish a special benefit assessment district for fire protection services.

The CAO's report would propose the boundaries for an assessment district and identify all the property lots which are included within the boundaries. The CAO's report would also state a proposed allocation formula (see Comment 1) and assessment rates (see Comment 2), provided that the assessment on any given property would be in proportion to the estimated benefits to the property of the fire protection services provided by the City. The CAO's report would also describe the costs and expenses of a fire protection assessment district (see Comment 3).

After the CAO's report is filed with the Clerk of the Board of Supervisors, the specific procedures which would be required in order to establish a special benefit assessment district under the proposed ordinance would be as follows:

Resolution of Intention

After a written report has been prepared and filed by the CAO, the Board of Supervisors could adopt a Resolution of Intention, thereby declaring its intention to order all or a portion of assessment district costs to be assessed upon properties which the Board of Supervisors finds and declares receive a special benefit from fire protection services.

The Resolution of Intention would also include the following:

- The district's boundaries;
- The allocation formula (see Comment 1);
- The number of years, not to exceed five years, that the district would remain in effect;
- The assessment rates for each year in which the assessment would be levied, including any index that would be used to change the assessment rates in future years, and any maximum assessment rate for future years;
- The time, date, and place of a Public Hearing (as defined in the proposed ordinance and described below), to be held not less than 30 days following official public notice;
- The time, date, and place of a Final Determination Hearing (as defined in the proposed ordinance) at which the Board of Supervisors proposes to establish the district and levy the assessment. This hearing would be held not less than 45 days following official public notice.

Public Notice

If the Board of Supervisors adopts a Resolution of Intention, the Clerk of the Board of Supervisors would be required to send notice, by first class mail, to all property owners whose property would be subject to the proposed assessment, in a form specified in the proposed ordinance.

The notice would reference the filing of the CAO's report, the adoption of the Resolution of Intention, and the time, date, and place for both a Public Hearing and a Final Determination Hearing. The notice would provide instructions for the filing of a written Protest by the owner, and would describe the effect on the establishment of the proposed district of a Majority Protest by property owners.

BOARD OF SUPERVISORS
BUDGET ANALYST

The notice would also enclose a Correction Petition form. (The Public Hearing, Final Determination Hearing, Protest, Correction Petition, and Majority Protest provisions of the proposed ordinance are described separately below).

Each notice to a property owner would identify a specific lot which would be subject to the proposed assessment, the amount of the proposed assessment, and all information about the lot which was used to determine the amount of the proposed assessment.

The notice would be required to be mailed at least 30 days prior to the Public Hearing and at least 45 days prior to the Final Determination Hearing. The failure of any property owner to actually receive the mailed notice would not affect the validity of the proceedings or the Board of Supervisors authority to create the district.

The Clerk of the Board of Supervisors would also be required to post notice of the proposed assessment district and to effect publication of such notification in a general circulation newspaper.

Correction Petitions

Within 45 days of receiving the notice described above, a property owner could file a Correction Petition in order to correct any erroneous information relating to the proposed assessment on the owner's property. The Correction Petition would be filed with a Fire Assessment Petition Panel comprised of the Chief Administrator Officer, the Controller, and the Tax Collector, or their deputies.

The Petition Panel would issue a preliminary decision on the petition which would become final within 14 days unless the owner files a request for hearing before the Panel. The owner could present evidence at the hearing, and the Panel would issue a written report of its findings. If the owner were dissatisfied with the outcome of a hearing before the Panel, the owner could also request a hearing before the Board of Supervisors. The Board of Supervisors could by resolution either accept or reject the findings of the Petition Panel.

The proposed ordinance specifically provides that "the pendency of Correction Petitions before the Fire Assessment Petition Panel shall not limit the Board [of Supervisors] authority to adopt legislation forming a district or levying an assessment."

Protests

Any owner of property which would be subject to the proposed assessment could protest the creation of the district, the boundaries of the district, the fairness of the allocation formula, and/or the assessment rates, by submitting a written protest, signed by the owner, which describes the lot, the owners' interest in the property, the nature and grounds of the protest, and the name, address, and telephone number of the owner. The written protests would be required to be received by the Clerk of the Board of Supervisors at least 24 hours prior to the scheduled Public Hearing.

The proposed ordinance would require a property owner to file such a written protest in order to retain his or her legal standing to challenge the proposed assessment.

Public Hearing and Modifications

The Board of Supervisors would hold a Public Hearing at which to consider the written protests submitted by owners (as described above) and to take and receive, from any other interested person, oral and documentary evidence pertaining to matters contained in the CAO's report. At the hearing, the Board of Supervisors would consider and pass upon the written protests previously submitted by property owners and any other testimony which is presented at the hearing. At the hearing, the Board of Supervisors could modify the proposed district, the proposed allocation formula, or the proposed assessment rate, in order to make any of these proposals more equitable.

If the modifications increased any assessment, or subjected lots to the assessment which were not previously subject to the assessment, the Board would be required to schedule a new Public Hearing and a new Final Determination Hearing. However, these further hearings would be limited to consideration of the protests of owners whose property was affected by the proposed modifications.

The Board of Supervisors could impose a time limit for oral testimony at the Public Hearing, provided that at least two minutes were allowed to each speaker and at least six minutes were provided for any number of persons representing the same lot.

Final Determination Hearing

After the close of the Public Hearing, the proposed ordinance would authorize the Board of Supervisors to hold a Final Determination Hearing, at which it could, by ordinance, establish and adopt an assessment district, an allocation formula, the initial assessment rates for the district, an assessment roll for the assessment, and an assessment rate for up to four additional years after the first year of the assessment.

The Board of Supervisors could, by ordinance, establish the assessment district at the Final Determination Hearing with a simple majority vote, unless a Majority Protest were found to exist.

Majority Protests

Under the proposed ordinance, a Majority Protest would result if it is found that the property owners who file written protests (as discussed under "Protests," above) would together have to pay 50 percent or more of the total dollar amount of the assessment which is proposed to be levied.

If the Board of Supervisors finds and determines that a Majority Protest exists, then the Board of Supervisors would be required to either 1) abandon the proceedings, and take no further action to establish the district for a minimum of six months, or 2) submit the proposed assessment district to the electorate at the next regular election or at a special election. An election on the proposed assessment district would be held not less than 90 days following the Board of Supervisors decision to submit the proposal to the voters.

Under the proposed ordinance, the Board of Supervisors could delegate to the Chief Administrative Officer the responsibility to determine whether a Majority Protest exists.

Deferred Assessments

Under the proposed ordinance, the Board of Supervisors may, at the Final Determination Hearing, allow property owners to defer payment of the assessments, and establish criteria and procedures by which owners may qualify for such deferred payments.

Comments:

1. Under the proposed ordinance, the allocation formula is defined as the method of apportioning the total cost of the assessment among all property lots within the district, according to the relative benefit conferred on those lots by the City's fire protection services.

The allocation formula can be based on any factors which the Board of Supervisors finds and determines shall provide a rational basis for apportioning the costs and expenses of the assessment district. Such factors could include, but would not be limited to, the square footage and height of structures located on a property, the use of the property, the amount of water required to suppress fires on a given property, the availability of sprinkler systems, "and any other factors relating to potential fire hazards and the costs associated with protecting the property therefrom."

The proposed ordinance states that, "the allocation formula shall not be based on assessed value."

2. Under the proposed ordinance, the assessment rate is defined as the dollar value of the assessment to be charged against a specific property lot.

The Board of Supervisors would be authorized to specify a single assessment rate for as many as five years, or to specify rates which could increase by a specified amount for up to four additional years after the first year. The Board of Supervisors would also be authorized to specify a maximum assessment rate.

3. Under the proposed ordinance, the costs and expenses of the district would include the costs incurred by the City to provide fire protection services which are found to provide special benefit to property "by preserving, protecting, or enhancing the value of real property."

The City's costs and expenses could include, but would not be limited to, the acquisition, maintenance, and operation of fire prevention and fire suppression equipment; salaries and benefits of firefighting personnel; costs for repairs, fuel, power, and electricity; and the cost of establishing the district, levying the assessments, and undertaking other procedures outlined in the proposed ordinance.

4. As previously noted, in the event of a Majority Protest, the Board of Supervisors could abandon the proceedings or submit the proposed assessment district to the voters in a regular or special election. However, a decision to place a proposed assessment district before the voters would require separate action by the Board of Supervisors at a later date.

In March, 1993 the Registrar of Voters estimated the cost to hold a special election at approximately \$600,000, and stated that this cost would increase by \$25,000 to \$50,000 for each additional measure which is submitted to the voters. However, whether any costs will be incurred for an election concerning a fire protection assessment district will depend on 1) whether the Board of Supervisors initiates proceedings to establish a fire protection district, 2) whether a Majority Protest is submitted by property owners, and, 3) whether the Board of Supervisors takes action in the future to submit any proposed assessment district to the electorate.

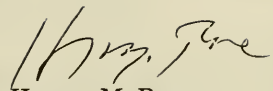
In and of itself, the proposed ordinance, which would authorize but would not require the Board of Supervisors to submit a proposed assessment district to the electorate, would not impose additional costs to the City for an election.

5. The proposed ordinance (the "San Francisco Fire Protection Assessment District Procedure Code") is enabling legislation which would authorize the Board of Supervisors to take certain actions at a later date, should it choose to do so. Specifically, the proposed ordinance states the procedures which the Board of Supervisors would be required to follow in order to create a fire protection assessment district. However, the proposed ordinance would not appropriate funds for any purpose, would not establish a special benefit assessment district, and would not impose property assessments for fire protection services. The Board of Supervisors would be required to enact a separate ordinance in order to establish a fire protection special benefit assessment district and to impose any assessments, and could do so only after the procedures described in the proposed ordinance have been observed.

Since the proposed ordinance is enabling legislation which concerns procedural issues only, it does not have a fiscal impact.

Recommendation: Approval of the proposed ordinance is a policy matter for the Board of Supervisors.

BOARD OF SUPERVISORS
BUDGET ANALYST



Harvey M. Rose

cc: Supervisor Migden
Supervisor Hsieh
President Alioto
Supervisor Achtenberg
Supervisor Bierman
Supervisor Conroy
Supervisor Hallinan
Supervisor Kaufman
Supervisor Kennedy
Supervisor Maher
Supervisor Shelley
Clerk of the Board
Chief Administrative Officer
Controller
Teresa Serata
Barbara Kolesar
Ted Lakey

07
13

CALENDAR - Actions Taken

DOCUMENTS DEPT.

MAY 11 1993

SAN FRANCISCO
PUBLIC LIBRARY

**MEETING OF
BUDGET COMMITTEE
BOARD OF SUPERVISORS
CITY AND COUNTY OF SAN FRANCISCO**

WEDNESDAY, APRIL 28, 1993 - 2:00 P.M.

ROOM 228, CITY HALL

PRESENT: SUPERVISORS MIGDEN, HSIEH, ALIOTO

CLERK: KAY GULBENGAY

NOTE: Copies of the Budget Analyst's Report will be available for review on the counter in the Office of the Clerk of the Board, Room 235, City Hall, 10:00 a.m., the date of the meeting.

1. File 101-92-62. [Government Funding] Ordinance appropriating \$77,131, Department of Public Works, for program project budget (repair and demolition). RO #92212 (Controller)

ACTION: Hearing held. Recommended.

2. File 101-92-63. [Government Funding] Ordinance appropriating \$32,440, Department of Public Works, for facilities maintenance project to cover ten percent overage as per Charter Section 7.203, providing for ratification of action previously taken. RO #92213 (Controller)

ACTION: Hearing held. Recommended.

3. File 101-92-64. [Government Funding] Ordinance appropriating \$39,621,938, Airports Commission, for various capital improvement projects and rescinding \$39,621,938 from various capital improvement projects. RO #92215 (Controller)

ACTION: Hearing held. Recommended.

4. File 101-92-65. [Government Funding] Ordinance appropriating \$7,051,304, Airports Commission, for various capital improvement projects and rescinding \$6,021,425 from capital improvement project (Airfield Improvement) and \$1,029,879 from the Bond Reserve Payment. RO #92217 (Controller)

ACTION: Hearing held. Recommended.

5. File 101-92-66. [Government Funding] Ordinance appropriating \$500,000, Registrar of Voters, for program project budget (Special Election Fund). RO #92209

ACTION: Hearing held. Amended on page 1 line 2 (in title) after "fiscal year 1992-93" by inserting "placing \$175,000 on reserve"; and on line 16 by inserting "Section 2. Funds in the amount of \$175,000 (Special Election Fund) are hereby placed on reserve."

New Title. "Appropriating \$500,000, Registrar of Voters, for program project budget (Special Election Fund) for fiscal year 1992-93; placing \$175,000 on reserve."

Recommended as amended.

6. File 188-93-2. [Water Department] Resolution urging the Mayor to urge the Public Utilities Commission to eliminate all of the temporary positions added to the Water Department for the drought. (Supervisor Hallinan)

ACTION: Hearing held. Continued to call of the chair.

7. File 170-93-5. [Housing Revenue Bonds] Resolution approving and authorizing the execution and delivery of a supplemental indenture relating to the City and County of San Francisco variable rate demand Multifamily Housing Revenue Bonds (Winterland Project) 1985 Series C; approving and ratifying previous actions; and approving and authorizing the execution and delivery of any document reasonably necessary to consummate the transactions contemplated by said supplemental indenture. (Mayor's Office of Housing)

ACTION: Hearing held. Recommended.

CITY AND COUNTY



OF SAN FRANCISCO

BOARD OF SUPERVISORS

BUDGET ANALYST

1390 MARKET STREET, SUITE 1025

SAN FRANCISCO, CALIFORNIA 94102 • TELEPHONE (415) 554-7642

April 26, 1993

TO: Budget Committee

FROM: Budget Analyst

SUBJECT: April 28, 1993 Budget Committee Meeting

Item 1 - File 101-92-62

Department: Department of Public Works (DPW)
Bureau of Building Inspection (BBI)

Item: Supplemental appropriation ordinance to appropriate funds to the Department of Public Works Bureau of Building Inspection.

Amount: \$77,131

Source of Funds: Repair and Demolition Fund

Description: The Department of Public Works (DPW), Bureau of Building Inspection (BBI) has requested a supplemental appropriation to replenish BBI's Repair and Demolition Fund. The Repair and Demolition Fund is a special revolving fund that was created for the purpose of defraying BBI's costs and expenses associated with repairing privately-owned property to make the property safe, if the property owner has failed to make the necessary repairs and BBI has determined that the property represents an imminent danger to public safety. An example of such repair work would be the boarding up of an abandoned building which is considered by BBI to be hazardous to the general public.

The Controller's Office reports that the Repair and Demolition Fund has a current unappropriated fund balance of \$77,131, the amount requested for transfer in this proposed supplemental appropriation.

According to Mr. John Cribbs, Director of DPW, the current appropriated but unexpended balance of the Repair and Demolition Fund is \$947. The proposed supplemental appropriation would increase that balance to \$78,078 (\$77,131 + \$947).

Mr. Cribbs advises that the BBI initiates appropriate proceedings to recover the costs incurred by the Repair and Demolition Fund from the various property owners whose properties are affected by actions of BBI. The Repair and Demolition Fund is used by BBI (a) to board up structures that have been abandoned, (b) to continue utility services for tenants in residential buildings whose landlords have had such services turned-off or (c) to provide other necessary emergency work to properties such as securing an existing construction site that is not safely attended. The provisions to recover these costs from the various property owners include voluntary payment or a special assessment lien placed against their property. As previously noted, BBI makes these repairs when the property owners have failed to take corrective action.

Comments:

1. Mr. Donald McConlogue of BBI advises that the range of expenditures from the Repair and Demolition Fund over the past 12 months includes removing debris and boarding up an abandoned "crack house" building at 925 Mendell Street for a cost of approximately \$1,000 to the full demolition of the residential building at 22-30 Alta Street on Telegraph Hill resulting from a rock slide for a total cost \$316,000. BBI has placed a special assessment lien on the Alta Street property to recover the full amount of the demolition costs.

2. Mr. McConlogue also advises that, during the past 12 months, examples of how the Repair and Demolition Fund have been used include:

- \$1,433 to barricade an abandoned "crack house" at 1482 Innes Avenue;
- \$5,278 to continue gas and electric services to a residential building at 49 Broderick Street due to the owner's failure to provide this service to the tenants;

- \$8,151 to pay to clear debris from sidewalk and to barricade and secure an abandoned construction site at 2961 Pacific Avenue; and

- \$54,627 to pay costs for the shoring up of a large, earthquake-damaged brick building at 1121-25 Market Street.

3. Based on a review of the actual use of the Repair and Demolition Fund over the past 12 months, the Budget Analyst concurs with the proposed DPW request to transfer \$77,131 from the current unreserved fund balance to the Repair and Demolition Fund.

Recommendation: Approve the proposed supplemental appropriation ordinance.

Item 2 - File 101-92-63

Department: Department of Public Works (DPW)
Bureau of Engineering (BOE)

Item: Supplemental appropriation ordinance for a capital improvement project (Harriet Street, South of Brannan Street Sewer Replacement) to cover overage above ten percent of the contracted amount pursuant to provisions of Charter Section 7.203 and providing for ratification of action previously taken by the Department of Public Works for Fiscal Year 1992-93.

Amount: \$32,440

Source of Funds: Sewer Repair and Replacement Fund

Description: The Department of Public Works (DPW) reports that the proposed supplemental appropriation in the amount of \$32,440 would be used to pay for project modifications, which exceed ten percent of the original contract amount, for the Harriet Street, South of Brannan Sewer Replacement Project. Charter Section 7.203 requires authorization of the Board of Supervisors if the final construction cost of the work, whether performed by contractual services or by the City in conjunction with such services, is increased by more than ten percent of the original contract amount.

The purpose of the project is to replace 315 feet of existing sewer with 12-inch diameter vitrified clay pipe (VCP). The existing sewer had collapsed creating standing water at the two terminal end manholes which was causing sewage flooding to neighboring properties.

The construction work consists of: (1) making an assessment of the current condition of existing active side sewers; (2) repairing, extending, abandoning and/or replacing existing defective active side sewers; and (3) relocating certain existing utilities, such as gas, electric and water lines, in conjunction with the work under the existing contract.

One change order was required to perform additional work not previously included in the contract and to expedite the project in order to eliminate potential delay claims from the contractor for the project. This extra work was necessary because, during excavation, DPW engineers found that the sewer was encased in concrete at various locations for a length of approximately 280 linear feet. This condition had not been anticipated. This work was completed on July 1, 1992 by DPW personnel in

accordance with the requirements of the contract specifications.

The proposed supplemental appropriation ordinance would fund the Harriet Street, South of Brannan Sewer Replacement Project as follows:

<u>Description</u>	<u>Amount</u>
Contractual Services	\$44,870
Additional Work Performed by DPW (to provide additional labor, equipment and material including shoring, backfilling and pavement restoration to remove and dispose of approximately 280 linear feet of existing concrete encased sewer)	<u>36,927</u>
Revised Project Amount	\$81,797
Previously Appropriated Funds (Amount of Original Contract plus 10 percent contingency)	<u>49,357</u>
Excess of Revised Project Amount Over Original Contract Amount	\$32,440

Mr. Ramsis Attia of the DPW Bureau of Engineering reports that, if the additional work were not undertaken, the existing sewer would have caused sewage flooding to abutting properties, presenting a hazard to the public health, welfare, and safety of local residents.

Comments:

1. As identified above, the revised project amount includes project modifications which resulted in a net increase of \$36,927 or 82.3 percent in excess of the original contract amount of \$44,870. The \$32,440 represents the difference between the original amount appropriated (including a 10 percent contingency) and the revised total cost of construction.
2. As noted above, the Harriet Street, South of Brannan Sewer Replacement Project was completed on July 1, 1992. Mr. Attia reports that the DPW is requesting the proposed supplemental appropriation at this time in order to obtain reimbursement for the funds already expended by DPW for the additional necessary emergency work. Therefore, the proposed ordinance provides for ratification of action previously taken.

Recommendation: Approve the proposed supplemental appropriation ordinance.

BOARD OF SUPERVISORS
BUDGET ANALYST

Items 3 and 4 - Files 101-92-64 and 101-92-65

Department: Airports Commission

Items: Item 3 - Supplemental appropriation ordinance (File 101-92-64) appropriating \$39,621,938 for various capital improvement projects and rescinding \$39,621,938 from various capital improvement projects.

Item 4 - Supplemental appropriation ordinance (File 101-92-65) appropriating \$7,051,304 for various capital improvement projects and rescinding \$6,021,425 from capital improvement project (Airfield Improvement) and \$1,029,879 from the Bond Reserve Payment Fund.

Amount: \$46,673,242: \$39,621,938 (File 101-92-64) and \$7,051,304 (File 101-92-65)

Source of Funds: Various bond funds and capital improvement funds, as detailed below.

Description: On January 19, 1993, the Airports Commission adopted Resolution No. 93-0016 authorizing the Director of Airports to request the reallocation of certain bond funds and capital project funds. The purpose of the proposed reallocation is to consolidate bond fund balances in order to comply with yield restrictions and spending requirements imposed by Federal tax law on bond funds, and to accommodate the funding of projects in the Airport's Five-Year Capital Projects Plan. The proposed supplemental appropriations would move monies among various funds to affect the reallocation. There would be no net increase in appropriations to the Airport as a result of the proposed supplemental appropriations.

The proposed ordinance (File 101-92-64) would reallocate capital improvement project funding in the amount of \$19,810,969. Because two accounting entries are required for each of these proposed reallocations, the proposed supplemental appropriation ordinance totals \$39,621,938 or double the \$19,810,969 that is actually being reallocated as follows:

<u>Current Capital Projects</u>	<u>Proposed Reallocation of Capital Projects</u>	
Fund 700 - Groundside	Fund 700 - Airfield	\$7,000,000
FAA Reimb - Terminals	FAA Reimb- Utilities	5,000,000
G.O. Bonds - Airfield	G.O. Bonds - Terminals	54,740
Series A - Airfield	Series A - Terminals	14,532
Series A - Groundside	Series A - Terminals	46,321
Series A - Airport Support	Series A - Terminals	509,184
Series B - Groundside	Series B - Airfield	1,386,192
Series C - Terminals	Series C - Utilities	3,000,000
Series C - Terminals	Series C - Groundside	<u>2,800,000</u>
Total		\$19,810,969

The proposed ordinance (File 101-92-65) would reallocate funding from the Capital Project Funds - Airport in the amount of \$7,051,304 as follows:

Series C Bond Funds - Airfield	\$6,021,425
Contingency Account	<u>1,029,879</u>
Total	\$7,051,304

Comments:

1. With respect to File 101-92-64 (Item 3), the proposed reallocation of \$19,810,969 among the Airport's various cost centers would result in the following net reallocations:

Airport Cost Centers

	<u>Terminals</u>	<u>Airfield</u>	<u>Ground Side</u>	<u>Utilities</u>	<u>Airport Support</u>	<u>Totals</u>
Transfers Out	\$10,800,000	\$69,272	\$8,432,513	-	\$509,184	\$19,810,969
Transfers In	<u>624,777</u>	<u>8,386,192</u>	<u>2,800,000</u>	<u>8,000,000</u>	<u>0</u>	<u>19,810,969</u>
Increase (decrease) in Cost Center Funding	(\$10,175,223)	\$8,316,920	(\$5,632,513)	\$8,000,000	(\$509,184)	0

2. With respect to File 101-92-65 (Item 4), Airports Commission Resolution No. 93-0016, dated January 16, 1993, states that as a result of the sale of Issue 1 Refunding

BOARD OF SUPERVISORS
BUDGET ANALYST

Revenue Bonds and the redemption of the Airport's Series A and Series C Revenue Bonds on May 1, 1992, \$6,021,425 of the Series C Debt Service Reserve Fund originally funded from the Airport's operating budget was returned to the Airport by the Bond Trustee and deposited in the Airport's Capital Project Fund Account Number 700. The Airport's Bond Co-Counsels have advised the Airport that under Federal tax law, the \$6,021,425 must be treated as if the funds were unspent proceeds of the Series C Revenue Bonds and thus subject to investment yield restrictions. Therefore, the Airport is requesting that the \$6,021,425 be moved from Capital Project Fund Account Number 700 to the Series C Bond Funds - Airfield Account Number 842. With respect to the \$1,029,879 being rescinded from the Bond Reserve Payment Fund, these monies would be transferred to the Bond Contingency Fund in order to comply with bond resolution debt service coverage requirements.

3. In summary, this proposed request is to implement technical accounting changes in order to comply with the Federal tax laws regarding the investment of unexpended bond fund monies and to transfer existing funds within Airport Cost Centers. This legislation does not result in any increased costs to the Airport.

Recommendation: Approve the proposed ordinances.

Item 5 - File 101-92-66

Department: Registrar of Voters

Item: Supplemental appropriation ordinance for program project budget (Special Election Fund).

Amount: \$500,000

Source of Funds: General Fund – As an advance to be reimbursed by the San Francisco Unified School District (\$325,250) and the San Francisco Community College District (\$174,750)

Description: The San Francisco County Public Finance Authority, by an Ordinance dated March 11, 1993, requested that the City call a special election to be held on June 15, 1993, for the purpose of submitting the following proposition to the electorate:

Shall an ordinance of the San Francisco County Public Finance Authority be adopted so as to 1) approve a transactions and use tax of one quarter of one percent for the general purpose of providing financial assistance to the San Francisco Unified School District (SFUSD) and the San Francisco Community College District (SFCCD); 2) approve an increase in the California Constitution Article XIII B appropriations limit for said districts in an amount equal to the revenues derived by each district from the transactions and use tax for the same fiscal year?

The Ordinance adopted by the San Francisco County Public Finance Authority includes a provision whereby if the proposed increase in the Sales Tax is approved, all costs of conducting the election shall be reimbursed to the City and County by the Authority from the revenues derived from the transactions and use tax imposed.

The Board of Supervisors adopted Motion No. 60-93-2 on March 15, 1993, calling a special election to be held on June 15, 1993. The holding of the proposed election would be subject to the Public Finance Authority voting again, by May 6, 1993, to place the proposition before the voters. Otherwise the Board of Supervisors would cancel the proposed June 15, 1993, special election.

Motion No. 60-93-2 provides that "the City and County shall be reimbursed by the Public Finance Authority for all costs of conducting the special election from the proceeds of the tax to be imposed if the ordinance is approved by the voters, and the City and County shall be reimbursed by the SFUSD and the

SFCCD for the costs of the special election should the ordinance not be approved by the voters." Further, the SFUSD is to be responsible for two-thirds of the costs of the special election and the SFCCD is to be responsible for one-third of the costs.

The proposed supplemental appropriation ordinance would appropriate to the Registrar of Voters, Special Election Fund, Program Project Budget, the sum of \$500,000 from the General Fund Unallocated funds, SFUSD-Special Election Advance. However, Ms. Germaine Wong, the Registrar of Voters, advises that the total estimated cost for conducting the special election is \$620,000. The details of that \$620,000, as provided by the Office of the Registrar of Voters, are as follows:

Personal Services

Temporary Salaries	\$280,000	
Fees & Other Compensation	140,000	
Overtime Pay	2,000	
Holiday Pay	<u>2,250</u>	
Subtotal		\$424,250

Non-Personal Services

DP/WP Professional Services	\$12,000
Other Non-professional Services	5,000
Use of Employees Automobile	50
Other Services	
Printing	\$51,700
Translating	2,500
Typesetting	2,500
Postage	70,000
Miscellaneous	12,000
Subtotal	138,700

Rental of Polling Places	<u>30,000</u>
--------------------------	---------------

Subtotal	185,750
----------	---------

Materials and Supplies	<u>10,000</u>
------------------------	---------------

Total	\$620,000
-------	-----------

Comments:

1. The Registrar of Voters, Ms. Germaine Wong, reported in a letter dated April 8, 1993, to the President of the Board of Education and to the Community College Board that the Registrar's Office had already expended funds in the amount of approximately \$150,000 to locate polling places, purge the voter rolls, purchase precinct and absentee voting supplies, etc., in preparation for the proposed election. As provided for in Motion 60-93-2, that letter states that "Whether or not the special election is held, the two Districts will pay for all costs in preparing for and conducting the special election....A final reconciliation of actual costs will be presented after the

BOARD OF SUPERVISORS
BUDGET ANALYST

election is certified, or the election is cancelled, and the difference will be settled at that time."

2. Mr. Bob Golten of the SFUSD and Mr. Peter Goldstein of the SFCCD concur with Ms. Wong's statement as to the two Districts being responsible for all costs.

3. The Budget Analyst's January 27, 1993 report to the Budget Committee which provides the background related to an increase on the Sales Tax rate is attached.

4. As of the writing of this report, the source of the additional funding in the amount of \$120,000 (\$620,000 less \$500,000) has not been certified by the Controller. However, as noted in Comment No. 2, the SFUSD and the SFCCD have agreed that the two School Districts are responsible for the total costs of the special election.

Recommendation: Based on the prior motion previously approved by the Board of Supervisors to call for a special election, approve the proposed ordinance. However, as noted above, an additional \$120,000 in funds will be needed.

Memo to Budget Committee
January 27, 1993

Item 12 - File 175-93-1

1. The proposed resolution would (a) declare the intent of the Board of Supervisors of the City and County of San Francisco to propose an increase in the transactions and use tax (i.e. Sales Tax) in the City and County pursuant to Chapter 3.5 of the Revenue and Taxation Code, and (b) establish the San Francisco County Public Finance Authority (Public Finance Authority).

2. The Sales Tax rate which can be imposed within the State of California can be allocated into three distinct components: the State of California rate, the Bradley-Burns uniform local rate, and the optional locally imposed transaction and use tax rate. The proposed resolution would declare the intent of the Board of Supervisors to increase the transactions and use tax rate specifically, which hereafter will be referred to as the Sales Tax.

3. AB 1930 is the bill which authorizes counties to increase the transactions and use component of the overall Sales Tax rate for the purpose of financing drug abuse prevention, crime prevention, health care services, and public education. AB 1930 provides the following:

- Counties may adopt a resolution by either or both a) a majority of the county Board of Supervisors, or b) by a majority of both the Board of Education of the San Francisco Unified School District and the Board of Governors of the Community College District, which declares an intent to propose an increase in the transactions and use tax rate (i.e. Sales Tax rate) and to establish a Public Finance Authority. A Public Finance Authority is established for the purpose of recommending a sales tax increase to the voters and for determining the distribution of the new revenues resulting from the sales tax increase.

- The Public Finance Authority would be governed by a 10-member Board of Directors consisting of five members of the Board of Supervisors and a total of five members from both the Unified School District and the Community College District. The proposed resolution specifies that the San Francisco Board of Supervisors would elect five of its eleven members to serve on the Board of Directors of the Public Finance Authority.

- Counties can increase the Sales Tax rate by either 0.25 percent or 0.5 percent provided both of the following occurs: a) an ordinance is approved by a two-thirds vote of the Public Finance Authority which specifies how the proceeds will be spent (i.e. drug abuse prevention, crime prevention, health care services and public education), and b) the proposed Sales Tax rate increase is approved by a majority of the qualified voters.

Memo to Budget Committee
January 27, 1993

4. On January 12, 1993, the Board of Education of the San Francisco Unified School District approved a resolution which declares its intent to increase the Sales Tax rate by either 0.25 percent or 0.5 percent and authorizes the creation of the San Francisco County Public Finance Authority. The current 0.25 percent Sales Tax surcharge for the Unified School District and the Community College District will expire on June 30, 1993. The Public Financing Authority would be established upon adoption of a similar resolution by the Board of Governors of the Community College District. According to Mr. Bob Golton of the San Francisco Unified School District, the rate of the proposed increase in the Sales Tax and the allocation of the Sales Tax proceeds from the increased rate would be decided by the Public Finance Authority.

5. The total current Sales Tax rate is 8.5 percent in San Francisco. The proceeds from this tax are distributed as follows:

<u>Portion of 8.5 percent Sales Tax Rate</u>	<u>Distributed to</u>
6.0 percent	Current total to State of California; includes a 4.75 % base rate; 0.5% temporary surtax; 0.25% temporary surtax; 0.5% dedicated to realignment.
1.0 percent	Amount provided to City and County General Fund; 1993-94 projected is \$90,640,000.
0.5 percent	County Transportation Commission
0.25 percent	Statewide County Transportation
0.5 percent	Bay Area Rapid Transit District
<u>0.25 percent</u>	Surtax, expiring 6/93, dedicated to the San Francisco Unified School District and the San Francisco Community College District
8.5 percent	Total Sales Tax Rate in San Francisco County

BOARD OF SUPERVISORS
BUDGET ANALYST

Memo to Budget Committee
January 27, 1993

6. Based on information provided by the State Board of Equalization, on July 15, 1991, a Sales Tax increase became effective which increased the total State-allocated Sales Tax by 1.25 percent, from the 4.75 percent base rate to 6.0 percent. The Governor's FY 1993-94 budget indicates that the 0.5 percent temporary surtax noted above in the 6.0 percent portion of the Sales Tax allocated to the State of California would not be extended past its June 30, 1993 sunset date. The Governor's proposal is preliminary, and subsequent State legislation, if approved, may extend the 0.5 percent temporary sales tax. As noted above, the current 0.25 percent surtax for the San Francisco Unified School District and the San Francisco Community College District also expires on June 30, 1993. Therefore, depending upon the State Legislature, and depending on the approval of this proposed resolution and the approval of the San Francisco electorate, the following scenarios could result:

a) 8.25 percent. This Sales Tax rate would result if the proposed resolution is adopted which would enable the Public Finance Authority, with the approval of the voters, to increase the sales tax by up to 0.5 percent, and the Governor's proposed elimination of the State 0.5 percent surtax is approved by the State legislature (local 0.25 percent rate for schools expires).

b) 7.75 percent. This Sales Tax rate would result if the Governor's proposed elimination of the State's 0.5 percent surtax is approved by the State Legislature, and the San Francisco voters do not approve the increase in the Sales Tax rate by 0.5 percent (local 0.25 percent rate for schools expires).

7. Mr. Greg Ridenour of the Registrar of Voters reports that a special election would require a notice of 88 days after the Board of Supervisors calls for the special election. Mr. Ridenour estimates that a special election could cost the City up to \$1 million, depending on the number of initiatives which are placed on the ballot. AB 1930 specifies that the any increase in the Sales Tax rate must be approved by a majority of the qualified voters of that county. However, the City Attorney's Office states a two-thirds voter approval is required (see Comment No. 10). AB 1930 also indicates that the costs of a special election could be reimbursed from the proceeds generated from the Sales Tax rate increase. Therefore, if the voters do not approve the increase in the Sales Tax rate, an additional cost of up to \$1 million would be incurred by the City. However, if the special election is called as part of the November, 1993 ballot, the additional costs incurred would only be the minimal costs associated with additional voter pamphlet mailing and printing costs.

Memo to Budget Committee
January 27, 1993

8. The existing Sales Tax rates for San Francisco and other Bay area counties, as well as Los Angeles County, are as follows:

<u>County</u>	<u>Current Tax Rate</u>	<u>Sales Tax Rate With Proposed 0.5 percent Increase in San Francisco but Without State 0.5 percent Surtax</u>
San Francisco	8.5 percent	8.25 percent*
Alameda	8.25 percent	7.75 percent
Contra Costa	8.25 percent	7.75 percent
Marin	7.25 percent	6.75 percent
San Mateo	8.25 percent	7.75 percent
Santa Clara	8.25 percent	7.75 percent
Solano	7.25 percent	6.75 percent
Sonoma	7.50 percent	7.00 percent
Los Angeles	8.25 percent	7.75 percent

* Includes proposed 0.5 percent local Sales Tax increase (allocated to both the City and County and the Board of Education and the Community College District), and does not include the current .25 percent surtax for the San Francisco Unified School District and the San Francisco Community College District, which expires on June 30, 1993.

9. As noted above, if the State eliminates the 0.5 percent surtax and if San Francisco increases the Sales Tax by an additional 0.5 percent, to be allocated to the City and County and to the Board of Education and the Community College District, the total proposed Sales Tax rate for San Francisco would be 8.25 percent, which would be 1.5 percent higher than the proposed Marin County Sales Tax rate of 6.75 percent, and 0.5 percent higher than the other Bay Area counties including San Mateo, Alameda, Santa Clara and Contra Costa Counties. As noted, the difference between the Sales Tax in San Francisco and other counties assumes that San Francisco would be the only county which increases its Sales Tax.

10. Mr. David Oppenheim of the California State Association of Counties (CSAC) reports that as a result of recent a) litigation, b) legislation, c) a voter approved initiative and d) contradictory legal opinions, the requirements which a county must follow to increase the Sales Tax rate are now very unclear. In addition, Mr. Oppenheim reports that it is also unclear as to whether or not counties may increase a Sales Tax rate with a majority vote or whether a two-thirds voter approval is required, based upon recent court decisions in San Diego and Woodlake.

BOARD OF SUPERVISORS
BUDGET ANALYST

Memo to Budget Committee
January 27, 1993

Therefore, Mr. Oppenheim indicates that CSAC policy is that the State Revenue and Taxation Code needs to be amended for counties to have any clear authority to increase a Sales Tax rate locally.

Ms. Angela Karikas of the City Attorney's Office has indicated that a two-thirds majority of the voters would be required to increase the Sales Tax rate for the specific purpose of public education, drug abuse prevention and health care services.

11. According to Mr. Oppenheim, there is current State legislation which is being discussed which would clarify the requirements for increasing a local Sales Tax rate. Mr. Oppenheim adds that most counties in California are not considering increasing the Sales Tax rate until these legislative ambiguities are clarified. Based upon inquiries to the Regional County Offices of the State Board of Equalization, neither Marin, San Mateo, Alameda nor Santa Clara counties are proposing to increase their local Sales Tax rate at this time. Therefore, if the Sales Tax rate is increased by 0.5 percent for San Francisco, the Sales Tax rate for San Francisco will be the highest of the adjoining counties in the Bay area.

12. According to Ms. Sue Lee of the San Francisco Chamber of Commerce, the Chamber of Commerce has not yet developed an official position on the proposed Sales Tax rate increase, or determined the impact on businesses if the Sales Tax rate is increased by 0.5 percent. However, Ms. Lee notes that the Chamber of Commerce had previously remained neutral on the 0.25 percent Sales Tax rate for the San Francisco Unified School District and the Community College District.

13. Based upon the revenue projections for FY 1993-94 included in the "Joint Report on the Anticipated Revenue Shortfall for the Fiscal Year 1993-94 Budget" by the Controller, the Mayor's Co-Budget Directors and the Budget Analyst, dated January 15, 1993, a revenue shortfall of \$184 million is projected for FY 1993-94. This revenue shortfall is based upon the most recent revenue data, the Governor's State budget proposal (which includes an estimated \$72 million in reductions for San Francisco) and preliminary estimates of the City's expenditure requirements for FY 1993-94.

14. As noted above, in order to hold a special election, an 88 day notice is required beginning from the date the special election is called for by the Board of Supervisors. In addition, AB 1930 requires 90 days before the increased Sales Tax rate can be imposed. The additional revenues which are anticipated to be generated from increasing the local Sales Tax rate by one half cent (0.5 percent) are an estimated \$45,320,000 annually, based on the FY 1993-94 revenue projections contained in the Controller's, the Mayor's Co-Budget Directors' and the Budget Analyst's joint report. However, given the requirements of the special election and a 90 day State requirement before these revenues could be imposed, estimated revenues for FY 1993-94 would amount to \$33,990,000 (effective 10/1/93) if the special election were held no later than June, 1993, and an estimated \$11,330,000 (effective 4/1/94) if the special election was held in November, 1993. In addition, it is possible that actual revenues received in FY 1993-94 could be reduced if consumers travel to other areas to purchase goods and services, given the difference between the Sales Tax rate in San Francisco and the Sales Tax rate in surrounding

BOARD OF SUPERVISORS
BUDGET ANALYST

Memo to Budget Committee
January 27, 1993

counties. According to Mr. Ed Harrington, the Controller, San Francisco could request that the State adopt legislation which would expedite the 90 day State requirement in order to begin imposing a new Sales Tax in July, 1993, rather than having an effective date in October, 1993, which has been done with previous local Sales Tax increases.

Recommendation

Approval of the proposed resolution, which would declare the intent of the Board of Supervisors to propose an increase in the transactions and use tax (Sales Tax) rate and establish the San Francisco County Public Finance Authority, is a policy matter for the Board of Supervisors.

BOARD OF SUPERVISORS
BUDGET ANALYST



Item 6 - File 188-93-2

Department: Public Utilities Commission
Water Department

Item: Resolution urging the Mayor to urge the Public Utilities Commission (PUC) to eliminate all of the temporary positions added to the Water Department for the drought (Mandatory Water Rationing Program).

Description: The proposed resolution states that the water drought is over and that all of the 19 temporary positions currently employed to operate the Mandatory Water Rationing Program are not necessary and should be eliminated, particularly given the City's current fiscal condition.

On March 23, 1993, the PUC approved the termination of the Mandatory Water Rationing Program that had been in effect since May of 1990. Concurrently, the PUC rescinded the excess use charges associated with water use in excess of allotments. The latter action was approved by the Board of Supervisors on April 19, 1993.

The Mandatory Water Rationing Program currently includes 19 temporary positions in the Water Department's budget. The Department is currently reducing and eliminating staffing for the Mandatory Water Rationing Program in two phases. The initial phase is to process any billing adjustments due to the retroactive rescission of the Mandatory Water Rationing Program (the Mandatory Water Rationing Program was rescinded retroactive to February 23, 1993, which requires adjusting all bills issued since that date). The second phase is to finalize and resolve all billing appeals based on the retroactive rescinding of the Mandatory Water Rationing Program, document and store billing and rationing records, and perform work required to close out the Mandatory Water Rationing Program. The Water Department plans to complete closing out the Mandatory Water Rationing Program by June 30, 1993.

The temporary salaries for six positions for a full year and for three positions for three months until September 30, 1993 are being requested in the Water Department's 1993-94 budget in order to establish an enhanced Water Conservation Program, which would commence July 1, 1993. The balance of temporary salary monies for the remaining 10 of the temporary positions and for the three positions for nine months beginning 10/1/93 has been deleted in the Water Departments requested 1993-94 budget. The Water

Department's proposed enhanced Water Conservation Program would consist of both voluntary and mandatory elements, but would contain no water rationing elements. The enhanced Water Conservation Program would have the goal of a 15 percent reduction in water use levels compared to 1987 water use levels.

The 19 temporary positions that were budgeted for the Mandatory Water Rationing Program, and the proposed six positions that the Water Department is proposing to retain to implement the enhanced Water Conservation Program, are as follows:

**Existing Mandatory Water Rationing
Program Staffing
Authorizations**

Position	Number of <u>Positions</u>	Biweekly <u>Salary</u>	Maximum Annual <u>Salary with fringes</u>
Secretary II	1	\$1,401	\$43,514
Water Services Clerk	3	\$1,310	122,062
Senior Water Service Clerk	4	\$1,443	179,273
Principal Water Services Clerk	2	\$1,580	98,146
Senior Administrative Analyst	1	\$2,230	69,262
Water Services Inspector	6	\$2,342	436,441
Senior Water Service Inspector	2	\$2,711	<u>168,402</u>
Total	19		\$1,117,100

**Proposed Enhanced Water Conservation
Program Staffing Authorizations
Effective 10/1/93**

Position	Number of Positions	Biweekly Salary	Maximum Annual Salary with fringes
Secretary II	1	\$1,401	\$43,514
Water Services Clerk	1	\$1,310	40,688
Senior Water Service Clerk	1	\$1,443	44,818
Principal Water Services Clerk	1	\$1,580	49,074
Senior Administrative Analyst	0	\$2,230	0
Water Services Inspector	2	\$2,342	145,480
Senior Water Service Inspector	0	\$2,711	<u>0</u>
Total	6		\$323,574
Total Estimated Reduction in Temporary Salary Monies	13		\$793,526

BOARD OF SUPERVISORS
BUDGET ANALYST

In addition to the maximum annual staffing costs of approximately \$323,574 for the six positions that would be continued indefinitely, the Water Department has budgeted \$33,865 for the three positions that would be continued through September 30, 1993, as previously cited, and the Department has also budgeted \$110,000 for other related expenses to support the enhanced Water Conservation Program. These expenses of \$110,000 are shown below:

Overtime	\$5,000
Vehicle Rental	10,000
Postage	20,000
Printing	10,000
Office Supplies	8,000
Forms	<u>10,000</u>
Subtotal	\$63,000
Equipment:	
DP Equipment	10,000
Trucks	32,000
Radios	<u>5,000</u>
	\$110,000

Therefore the continuing additional annual operating costs of the enhanced Water Conservation Program would be approximately \$386,574 (\$323,574 plus \$63,000 ongoing operating costs) or \$730,526 less on an annual basis (\$1,117,100 less \$386,574) than the Department has been expending on the Mandatory Water Rationing Program.

Further, in addition to the proposed enhanced Water Conservation Program, the Water Department currently conducts an existing Water Conservation Program with two permanent positions. The FY 1992-93 budgeted costs of the existing Water Conservation Program for the two positions and contractual services, is \$516,245. The details of that program are shown in Attachment 1 along with an explanation of the existing Water Conservation Program. The proposed enhanced Water Conservation Program, which, in addition, would include the elements of the existing program, is described in Attachment 2. Therefore the total costs of the enhanced Water Conservation Program on an annual basis including the \$516,245 for the existing program and the \$386,574 for the additional costs is \$902,819.

Comments:

1. Mr. Anson Moran, General Manager of the Public Utilities Commission, has written a letter to the Clerk of the Board of Supervisors commenting on the subject resolution. We have included a copy of that letter as an attachment to this report (see Attachment 3).

2. The Budget Analyst will review the Department's FY 1993-94 budget, as recommended by the Mayor, in order to determine the precise budgetary implications of a proposed enhanced Water Conservation Program and will make recommendations to the Budget Committee on what resources, if any, should be included in such a Program.

3. The Mandatory Water Rationing Program is currently being operated with a staff of 19 temporary positions. The drought being over, the Water Department will be ending the Mandatory Water Rationing Program and has eliminated funding for 13 of the 19 temporary positions in their 1993-94 annual budget. In their 1993-94 budget, the Water Department is transferring six of the temporary positions to the Water Conservation Program to augment the current staff of two permanent positions in order to expand the program. During the drought, the Water Department was able to operate a water conservation program with only two permanent positions. However, now that the drought is over, the Water Department proposes expanding the Water Conservation Program by increasing the staff by 300 percent (six temporary positions) from the current level of two permanent positions to a proposed total of eight positions.

Summary

The cost of the existing Mandatory Water Rationing Program, using salary data at the top step, is \$1,117,100 which, when added to the \$516,245 for the existing Water Conservation Program, results in a total cost of \$1,633,345. Although it is estimated that the Water Department will spend \$730,526 less for its proposed enhanced Water Conservation Program than the \$1,633,345 that it has been spending on both the Mandatory Water Rationing Program and the existing Water Conservation Program, the Water Department still intends to spend an estimated \$902,819 annually for the proposed enhanced Water Conservation Program.

Memo to Budget Committee
April 28, 1993

Recommendation: Approval of the proposed resolution to urge the Mayor to urge the Public Utilities Commission to eliminate all of the temporary positions added to the Water Department for the drought (Mandatory Water Rationing Program) is a policy decision for the Board of Supervisors.

BOARD OF SUPERVISORS
BUDGET ANALYST

FY 1992-93 Water Conservation Program
(Extract of FY 1992-93 Budget)

Permanent Salaries-Misc.	\$114,257
Overtime	3,307
Mandatory Fringe Benefits	<u>25,842</u>
Subtotal Personnel	\$143,406
Other Contractual Services	\$327,980
Travel	3,000
Training	2,000
Fixed Charges	<u>9,000</u>
Subtotal Operating Costs	\$341,980
Equipment Purchase	\$8,000
Miscellaneous Department	<u>\$30,859</u>
Total	\$524,245

Water Conservation Program:

State Law AB797, Urban Water Management Plan Act, requires the Water Department to implement a comprehensive long-term water conservation program. In past years much of the funding for this program was diverted to support the Department's mandatory water-rationing program. This proposal reinstates funding for conservation activities as an integral part of the Department's overall operation.

On-going activities include public information and education services in schools, plant nurseries at local fairs and events, and through media advertising. The Department also proposes to institute a new customer information system.

City and County of San Francisco

Public Utilities Commission
San Francisco Water Department



MEMORANDUM

DATE: April 23, 1993
TO: Stan Jones
FROM: John Mullane *John Mullane / jlm*
RE: Conservation Positions

Per your request, the following is a policy statement related to the six positions in the conservation program:

The goal of an enhanced conservation unit (the six temporary positions held over from the rationing program) is to develop and maintain various programs and activities that will encourage, aid and/or require water conservation by the customers of SFWD in the City of San Francisco.

These programs and activities are outlined as Best Management Practices (BMPs) contained in the Memorandum of Understanding Concerning Urban Water Conservation and various City ordinances including but not limited to Ordinance Nos. 185-91, 346-91 and 359-91 related to conservation retrofitting of all single family residences, multi-family residences and commercial and industrial buildings in San Francisco.

The key elements of these activities will be the implementation of:

- o BMP #1 (interior and exterior water audits)
- o BMP #1 and the referenced City ordinances (conservation retrofits)
- o BMP #5 and City ordinance (large landscape water audits)
- o BMP #7 (public information)
- o BMP #8 (school information programs)
- o BMPs #6 and #12 (landscape water conservation requirements)
- o BMP #13 (water waste prohibitions)
- o BMPs #1, #15 and #16 (incentive programs)

-2-

The necessity for such activities becomes quite obvious when one considers the fact that the system's firm yield has been reduced; that Bay-Delta Decision 1630 will require a further reduction in the availability of potable water for the purposes of making contributions to the environment; and the potential adverse findings by the Federal Energy Regulatory Commission would result in a similar reduction for additional contributions to the environment. Conservation is one part of a multi-faceted attack on the diminution of the system's water supply which includes the use of groundwater, reclaimed water and water transfers and is reflective of a policy statement adopted by the Public Utilities Commission within the last month (Resolution No. 93-0085).

JM/lv

0520L/34-35

PUBLIC UTILITIES COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

FRANK M. JORDAN
Mayor

THOMAS J. ELZEY
General Manager

April 22, 1993

RE: File 188-93-2

SAN FRANCISCO
MUNICIPAL RAILWAY

HETCH HETCHY
WATER AND POWER

SAN FRANCISCO
WATER DEPARTMENT

Mr. John L. Taylor
Clerk of the Board
Room 235 City Hall
San Francisco, CA 94102

Dear Mr. Taylor:

I am writing to comment on the proposed referenced resolution which, if approved, would eliminate all remaining rationing related positions in the Water Department's 1993-94 budget.

I would first like to clarify several factual errors in the body of the resolution itself: (1) the total number of temporary budgeted positions is 19 not 22; (2) while the Water Department General Manager had discussed before the Health and Public Safety Committee of the Board retaining nine positions he has, in response to Supervisor Hallinan's comments, reviewed the staffing requirements and reduced the nine positions to six; (3) these six positions are temporary not permanent.

While it is quite clear that the original intent in the budgeting and hiring of 19 temporary positions was related to the needs of the drought and the related rationing program, it is also quite clear that the Water Department's intent in maintaining 6 of the 19 positions is related to long term considerations. I view the rationing program as a short term fix for a short term problem (i.e. the drought) and the implementation of an ongoing conservation program as a long term fix to a long term problem (i.e. a long term water shortage caused through a diminution of the Hetch Hetchy system's firm yield and the reduction of water available for delivery for potable uses caused by various quasi judicial decisions especially the Bay Delta Decision 1630 and potential adverse findings by the Federal Energy Regulatory Commission).

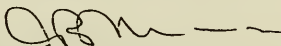
Conservation is one prong of a multi-pronged attempt to obviate the obvious: there isn't enough water to go around now or in the future. A program combining elements of ongoing conservation, development of groundwater both in and outside San Francisco, the development of a reclaimed water program and the potential for initiating transfers of surplus waters from other purveyors throughout the state is all necessary if the San Francisco Water Department is to be allowed to continue to meet increased demand and a reduced supply.

Mr. John L. Taylor
April 22, 1993
Page 2

Retention of these six positions will allow the Water Department to meet all of the requirements of the Memorandum of Understanding regarding the Urban Water Conservation in California that was signed in 1991. This document serves as a boilerplate for water conservation practices within this state through the development and implementation of a series of Best Management Practices (BMP's) developed by a coalition of knowledgeable participants from both the urban and agricultural water user segments of the state. The Water Department became signatory to this agreement after approval by the Board of Supervisors in the form of Resolution No. 707-91. It will additionally allow the Department to proceed with the administration of various ordinances (185-91, 359-91 and 346-91) requiring conservation retrofits of all single family residential housing, multi-family residential housing and commercial properties within the City. These six positions represent the core group necessary to prudently manage the ongoing water conservation program for the Department.

I reiterate then that these positions are necessary for an ongoing conservation program and do not represent activities necessary only to prepare for another possible drought but rather to meet today's and future demands of a regional water utility.

Very truly yours,



Anson B. Moran
Acting General Manager
Public Utilities Commission

cc: Supervisor Terence Hallinan
Stuart Sunshine
Mildred Patubo, Budget Analyst's Ofc.

Item 7 - File 170-93-5

Department: Mayor's Office of Housing (MOH)

Item: Resolution approving and authorizing the execution and delivery of a supplemental indenture relating to the City and County of San Francisco's 1985 Multifamily Housing Revenue Series C Bonds as it pertains to the 2000 Post Apartments Housing Development on the former Winterland site, approving and ratifying previous actions and approving and authorizing the execution and delivery of any document reasonably necessary to consummate the transactions contemplated by the supplemental indenture.

**Effect of Bond
Supplemental
Indenture:**

The proposed bond supplemental indenture would modify the principal repayment schedule to reduce the amount of the 13 principal bond payments due over the next 12 years from June 1, 1993 through June 1, 2005. The Series C Bonds shall mature on June 1, 2006.

Amount of Bonds: \$30,000,000

Source of Funds: 1985 Multifamily Housing Revenue Series C Bonds

Indenture Period: June 1, 1985 through June 1, 2005

Description: On June 1, 1985, the City and the First Trust of California, National Association (succeeding Bankers Trust Company of California, National Association, and succeeding the Bank of California, N.A.) entered into an Indenture of Trust that provided for the issuance of and securing the City's \$30 million Variable Rate Demand Multifamily Housing Revenue Bonds 1985 Series C.

Bond proceeds were used for the construction of 304 rental apartments on the former Winterland site at the northwest corner of Post and Steiner Streets. The apartments, now known as 2000 Post Apartments, were completed in 1987 and provided both market-rate and below-market rate housing units. The owner of the property, the Klingbeil Company, is currently requesting a modification of the principal repayment schedule to reduce the amount of the 13 payments of principal due over the next 12 years by \$6,350,000 from \$12,600,000 to \$6,250,000.

BOARD OF SUPERVISORS
BUDGET ANALYST

Under these circumstances, a required balloon payment due on June 1, 2006 would increase by \$6,350,000 from \$16,400,000 to \$22,750,000. To date \$1,000,000 in principal payments (beginning June 1, 1988) have been made. A comparison of the current and proposed repayment of bond principal is as follows:

Repayment of Bond Principal (2000 Post Apartments)

<u>Year (June 1)</u>	<u>Original Payment Schedule</u>	<u>Amended Payment Schedule</u>
1988-1992 (Payments Completed)	\$1,000,000	\$1,000,000
1993	500,000	250,000
1994	700,000	350,000
1995	700,000	350,000
1996	800,000	400,000
1997	800,000	400,000
1998	800,000	400,000
1999	900,000	450,000
2000	1,000,000	500,000
2001	1,000,000	500,000
2002	1,200,000	600,000
2003	1,300,000	650,000
2004	1,400,000	700,000
2005	<u>1,500,000</u>	<u>700,000</u>
Subtotal	\$13,600,000	\$7,250,000
Balloon Payment (due 6/1/06)	<u>16,400,000</u>	<u>22,750,000</u>
Total Bond Principal	\$30,000,000	\$30,000,000

In addition to the proposed approval by the City to provide for a supplemental indenture amending the schedule of principal repayments on the subject multifamily mortgage revenue bonds, other approvals of the proposed supplemental indenture must be received from the bond trustee (First Trust of California, National Association), the bond holders and Citibank, the Letter of Credit provider. According to Mr. Ted Dienstfrey of the Mayor's Office of Housing (MOH), since the letter of credit is the bondholders' sole guarantee of payment on the bonds, the City does not bear any risk in consenting to the proposed supplemental indenture if it is acceptable to the other parties.

Comments:

1. Mr. Joe LaTorre of the MOH advises that 61 units (20 percent of 304 total units) in the 2000 Post Apartments development have been set aside for below-market rate tenants per a regulatory agreement accompanying the provisions for the sale of the subject 1985 Multifamily Mortgage Revenue Bonds. The 61 below market rate units must remain available for qualified tenants for at least ten years after 50 percent of the housing development units have been initially occupied which actually occurred in July 1987. Therefore, the 61 below market rate units would retain their inclusion as subsidized housing until July 1997.

2. Mr. LaTorre also advises that the 304 total units including the 61 subsidized units in the 2000 Post Apartments development are distributed between various bedroom sizes and includes monthly rentals as follows:

<u>Bedroom Size</u>	<u>Subsidized Units</u>		<u>Unsubsidized Units</u>		<u>Total Units</u>
	<u>No.</u>	<u>Monthly Rent</u>	<u>No.</u>	<u>Monthly Rent</u>	
Studio Units	29	\$675	116	\$869	145
One Bedroom	21	772	84	1,044	105
Two Bedrooms	<u>11</u>	<u>869</u>	<u>43</u>	<u>1,375</u>	<u>54</u>
Total	61		243		304

3. Mr. LaTorre reports that since the amount of the payback on principal will be reduced over the next twelve years, the amount of interest to be paid annually on the remaining balance will increase from the scheduled payment due on June 1, 1993 to the final balloon payment due on June 1, 2006. Mr. La Torre also reports that the Mayor's Office concurs with the developer's request for the proposed supplemental indenture because the current downturn in the housing market has resulted in an inadequate cash flow for the developer to meet the current payback on the bond principal.

4. As indicated earlier, the proposed supplemental indenture must also be approved by the Bond Trustee, the bondholders and the letter of credit provider. Mr. LaTorre advises, that if any one of these parties fails to approve the proposed supplemental indenture, the subject resolution would be null and void.

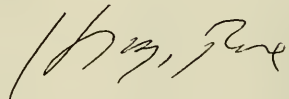
5. As previously noted, according to by Mr. Dienstfrey, since the letter of credit is the bondholders' sole guarantee of payment on the bonds, the City does not bear any risk in consenting to this modification if it is acceptable to the bond trustee, bankers and bondholders.

BOARD OF SUPERVISORS
BUDGET ANALYST

6. The proposed resolution would also approve, confirm and ratify all actions heretofore taken by any appropriate City official or employee with respect to the proposed supplemental indenture. Mr. LaTorre advises that such actions would include the execution and delivery of any certificates, agreements and other documents which would be necessary to consummate the transactions contemplated in the subject supplemental indenture.

7. The proposed resolution would not result in any additional costs or revenues to the City.

Recommendation: Approve the proposed resolution.



Harvey M. Rose

cc: Supervisor Migden
Supervisor Hsieh
President Alioto
Supervisor Achtenberg
Supervisor Bierman
Supervisor Conroy
Supervisor Hallinan
Supervisor Kaufman
Supervisor Kennedy
Supervisor Maher
Supervisor Shelley
Clerk of the Board
Chief Administrative Officer
Controller
Teresa Serata
Barbara Kolesar
Ted Lakey

CITY AND COUNTY



OF SAN FRANCISCO

BOARD OF SUPERVISORS

BUDGET ANALYST

1390 MARKET STREET, SUITE 1025

SAN FRANCISCO, CALIFORNIA 94102 • TELEPHONE (415) 554-7642

DOCUMENTS DEPT

April 30, 1993

MAY 4 - 1993

SAN FRANCISCO
PUBLIC LIBRARY

TO: Joint Rules Committee/Budget Committee

FROM: Budget Analyst *Recommendations.*

SUBJECT: May 4, 1993 Joint Rules/Budget Committee Meeting

Items 1 and 2 - Files 97-93-6 and 56-93-1

Note: This item was referred to the Joint Rules and Budget Committee Meeting from the Rules Committee Meeting of April 6, 1993. The Budget Analyst has been advised by the City Attorney's office that an Amendment of the Whole will be submitted at a later date. The following report pertains to the proposed legislation which is currently on file with the Clerk of the Board of Supervisors.

The Budget Analyst's minimum annual cost estimate to implement the proposed ordinance is \$355,579 or \$72,717 less than our previous estimate of \$428,296 as reported to the Board of Supervisors on April 2, 1993. The \$72,717 reduction in our estimate is based on (a) additional analysis of the estimated number of meetings held annually by City Boards and Commissions and (b) a more detailed analysis of the minimum resources needed to implement the legislation. Our projected costs are based on all potential costs of the legislation which we have identified to date.

The \$355,579 estimated minimum annual cost to the City is the Budget Analyst's estimate of the fiscal impact of the legislation, defined as the estimated cost of performing services which would be mandated under the proposed ordinance but which the City is not currently required to perform. Thus, the estimate represents a baseline budget estimate of the minimum resources which, in the

Memo to Joint Rules/Budget Committee
May 4, 1993 Joint Rules/Budget Committee Meeting

judgement of the Budget Analyst, the City would need to devote annually in order to successfully implement the new public meeting requirements of the legislation for each of approximately 917 Board and Commission meetings which are conducted annually, and to respond to the proposed new mandates governing the release of public records.

Our estimate is a determination of the fiscal impact of proposed new legal mandates. The Budget Analyst has not surveyed the City's Boards, Commissions, and Departments to evaluate whether, or to what extent, additional budgetary appropriations would be needed to ensure compliance with the legislation. Until a funding request is made, either in the annual budget or through a supplemental appropriation request, the precise cost of the proposed legislation will not be known. The Budget Analyst has not reported that the City must therefore appropriate funds in the amount of \$355,579 annually in order to comply with the proposed legislation. To the extent that City Boards and Commissions may already be performing functions which would be newly mandated under the proposed ordinance, or could perform these mandates with existing resources, the additional cost to the City of implementing the legislation would be less than the \$355,579 estimated minimum cost to the City of performing the new mandates of the legislation.

As previously stated in our report of April 2, 1993, the Budget Analyst believes that the estimated minimum cost to the City could increase substantially, depending on the nature and extent of information requests which are received by City departments pursuant to the public records requirements of the proposed ordinance (see Comment 3).

BOARD OF SUPERVISORS
BUDGET ANALYST

Item: Ordinance amending the Administrative Code by adding Chapter 66 to provide greater public access to City records and to meetings of City Boards, Commissions, and Committees and by deleting Sections 16.5 and 16.5.1 relating to public meetings (File 97-93-6).

Motion amending Rules 4.20, 4.31, and 4.24 of the Rules of Order, Board of Supervisors, to require that legislation be available to the public for 30 days before action is taken by the Board of Supervisors (File 56-93-1)

Description: File 97-93-6

The proposed ordinance would delete existing provisions of the Administrative Code relating to special meetings of the Board of Supervisors and public testimony at public meetings. The proposed ordinance would add a new Chapter to the Administrative Code providing for greater public access to the public meetings and records of San Francisco government.

The principal provisions of the proposed ordinance, including those which, according to the City Attorney's Office, would represent the most significant change from current law, and the potential additional costs to the City where these can be identified, are as follows.

Expand the type of policy bodies required to conduct open meetings: Advisory committees and some private entities which receive City funding would be required to open their meetings to the public.

Narrow the grounds for acting on items not appearing on the agenda: Currently, a non-agenda item can be considered if a policy body finds that the need to take action arose after the agenda was prepared. Under the proposed ordinance, a matter not appearing on the agenda would have to be "so imperative as to threaten serious injury to the public interest if action were deferred," in order to be acted upon.

Notification Requirements for Closed Sessions: A policy body would be required to provide specified types of information regarding the nature of proceedings which occur in closed sessions.

BOARD OF SUPERVISORS
BUDGET ANALYST

The proposed ordinance includes specific information requirements for agendas of closed meetings related to the following types of proceedings: license/permit determinations; conferences with real property negotiators; conferences with legal counsel; threats to public services or facilities; public employee appointments or hiring; public employee performance evaluations; public employee dismissals; and conferences with the City's negotiator in collective bargaining proceedings.

Limitations on Closed Sessions for "Pending Litigation:" The proposed ordinance would more narrowly define "pending litigation," so that some proceedings which could potentially involve litigation, and which currently may be discussed in closed session, would be required to be discussed in open meetings.

Reports Following Closed Sessions: Currently, a legislative body is required to report on the results of closed sessions only in actions to appoint, employ, or dismiss a public employee. With certain exceptions, the proposed ordinance would require legislative bodies to report the results of closed sessions involving real property negotiations, approval to enter into litigation, and settlement agreements.

The results of a closed session would be required to be reported by the close of business on the day following the meeting. Copies of documents relating to the subject matter of the closed session would be required to be disclosed upon request, provided that the request for information is submitted in a timely fashion, as defined in the proposed ordinance.

No settlement agreement approved by the Board of Supervisors could include a provision to prevent the release of the settlement agreement to the public upon request.

Fiscal Impact: Additional resources may be needed by the Board of Supervisors and other boards and commissions in order to provide the information which would be required concerning closed meetings. These potential additional costs for board and commission staff are discussed below at Comment 2.

BOARD OF SUPERVISORS
BUDGET ANALYST

Barriers to Attendance Prohibited: Policy bodies would be required not to conduct meetings which (a) excluded persons on the basis of class identity or characteristics, (b) excluded persons with disabilities; or (c) required monetary payments or purchases in order to attend. Public address systems would be required to be modified in cases of excess capacity to reach attendees who could not enter the meeting room.

Public Testimony: Policy bodies would be required to permit public testimony concerning any item on the agenda, except at meetings of the Board of Supervisors where an item has been previously considered in committee. A policy body could adopt regulations for public testimony, provided that each speaker is allowed at least three minutes.

Minutes of Meetings Required: Each Board or Commission enumerated in the Charter (of which there are 22) would be required to prepare minutes of meetings within five business days of the meeting. Currently, such minutes of board and commission meetings are not required.

Fiscal Impact: Additional resources may be needed by boards and commissions in order to attend board and commission meetings and prepare the minutes within five days of the meeting. These potential additional costs for board and commission staff are discussed below at Comment 2.

Release of Computer Records: Information which is maintained in electronic form must be provided upon request in any format which is available to the department.

Fiscal Impact: A department could recover the cost of the electronic media (such as a computer diskette) which is used to transfer the information. However, the cost of the electronic media may not represent the full cost to the City of the information itself, since some electronic information is proprietary and is acquired commercially by the City.

Release of Oral Information: Currently, only information which is physically recorded must be disclosed under the Public Records Act, according to the City Attorney. Under the proposed ordinance, each department would be required to designate an employee to provide oral information to the public upon request.

BOARD OF SUPERVISORS
BUDGET ANALYST

Fiscal Impact: In and of itself, designating a departmental spokesperson will not result in additional costs to City departments. The potential cost of responding to requests for information are discussed below at Comment 3.

Public Review File: Boards and commissions would be required to maintain a review file containing a copy of any written communication between the policy body and the clerk of each board or commission related to matters heard by the body within the last 30 days or expected to be heard within the next 30 days.

Fiscal Impact: Additional resources may be needed by boards and commissions in order to create and maintain a review file of board and commission proceedings. These potential additional costs are discussed below at Comment 2.

Disclosure of Draft Information: Draft memoranda and reports, if they are normally kept on file, must be disclosed upon request. If a draft copy of a document is not normally kept on file, its factual content is nonetheless required to be disclosed upon request, although any draft recommendations of the author could be deleted.

Disclosure of Litigation Material: When litigation involving the City is finally adjudicated or otherwise settled, records of all communications between the parties would be subject to disclosure, including the text and terms of any settlement.

Disclosure of Personnel Records: The proposed ordinance provides that non-identifying information concerning the City's work force, including resumes, job descriptions, and other records of employees' experience and qualifications, would be subject to disclosure. In addition, records of confirmed misconduct by a City employee which involves personal dishonesty, misappropriation of funds, unlawful discrimination, abuse of authority, or violence, would be subject to disclosure.

Law Enforcement Records: Records related to law enforcement activity would be subject to disclosure, with certain exceptions, once the "prospect of an enforcement action has been terminated by either a court or a prosecutor."

**BOARD OF SUPERVISORS
BUDGET ANALYST**

Attorney-Client Communications: Communications between the Board of Supervisors and the City Attorney would be subject to disclosure to the extent that they involve the City Attorney's analysis of proposed legislation, interpretation of the Brown Act, the Public Records Act, or other laws governing the public's access to information.

Contracts, Bids and Proposals: All communications related to contracts, bids, and proposals, except proprietary financial information, would be subject to disclosure after the contract is awarded.

Budgets and Payment Records: All City budgets, and all City payments, invoices, and vouchers, except records of payments which are confidential by law, would be subject to disclosure.

Personal Privacy Exemption: Currently, government agencies can refuse to disclose information which would result in an invasion of privacy. The proposed ordinance would require City employees to assist in efforts to contact persons whose privacy interests are involved in a request for information, in an effort to determine whether they will grant permission for release of the information.

Fiscal Impact: According to the City Attorney, this provision regarding the treatment of personal privacy represents a significant change from existing law concerning a public agency's responsibility to provide information in which private citizens have a privacy interest. The proposed ordinance provides that a department may charge the requesting party a fee for staff time exceeding 15 minutes for (1) determining the number of persons whose privacy interests are implicated in the request and (2) affixing mailing addresses to letters to be sent to such persons. However, any costs to locate, analyze, or compile the information in accordance with the requirements for disclosure are not subject to the reimbursement provisions.

Immediacy of Response: Currently, government agencies may take up to 10 days to respond to requests for information, and up to 20 days if a need for additional time can be shown.

The proposed ordinance provides that, for requests received before 12:00 noon, the requested information must be provided before the close of business on the day of the request; for requests received after noon, the reply must be made no later

BOARD OF SUPERVISORS
BUDGET ANALYST

than the following day, provided that the requesting party specifically requests an immediate response. The department must notify the requesting party within these deadlines if the department's response will require an extension of up to 10 days, due to the voluminous nature of the request, the need to consult with other departments, or the need to obtain documents stored in remote locations.

Burdensome Requests: Currently, government agencies can withhold records that contain confidential information, if the separation of confidential and non-confidential information would be so burdensome as to outweigh the public interest in disclosure. The proposed ordinance would eliminate this exemption from disclosure. Rather, departments would be required to edit public records to delete confidential information, and to footnote the record to show the reason why information was deleted at each point.

Fiscal Impact: This provision would require departments to delete confidential information instead of withholding a document entirely. The proposed ordinance provides that any staff time needed in excess of one hour to edit and footnote the document may be charged to the requesting party. However, the proposed ordinance specifically provides that the staff time needed to locate the record, determine which sections are exempt from disclosure, and determine the justification for withholding the information, could not be charged to the requesting party.

Fees Allowed for Duplication of Records: For documents which are routinely produced in multiple copies for distribution, a fee of one cent (\$.01) per page may be charged, in addition to any postage costs. For documents which are assembled and copies to the order of the requester, a fee not to exceed ten cents (\$.10) per page may be charged.

Higher fees may be charged only if an itemized cost analysis is performed which reflects the cost of one sheet of paper, one cycle of the copy machine, and the labor cost to operate the machine, calculated as the operator's salary cost per minute divided by the number of copies which can be made per minute on the machine in question.

Fiscal Impact: This provision will allow the City to recover \$.01 per page for documents which are ordinarily widely distributed, or \$.10 per page for specific requested documents. To the extent that these amounts

BOARD OF SUPERVISORS
BUDGET ANALYST

reflect the City's actual costs for duplication, the City will not incur additional expenses for duplicating public documents which are requested under the ordinance.

Task Force on Implementation of the Ordinance: The proposed ordinance would establish a Task Force, comprised of seven members appointed by the Board of Supervisors. Members would serve without compensation, and would consist of the following representatives:

Two members nominated by the local chapter of the Society of Professional Journalists, including one attorney and one journalist.

One member nominated by the Radio- Television- News- Directors Association.

One member nominated by the League of Women Voters.

One member nominated by the San Francisco Community Fund.

Two members of the public who have demonstrated interest or experience in issues of public access to local government.

In addition to the seven members appointed by the Board of Supervisors, the Chief Administrative Officer or his or her designee would be an ex-officio member of the Task Force, and the City Attorney would serve as legal advisor to the Task Force.

Fiscal Impact: To the extent that employees of the City Attorney or Chief Administrative Officer participate in Task Force activities, the City could incur additional costs.

File 56-93-1

The proposed motion would amend the Rules of Order of the Board of Supervisors to provide as follows:

Rule 4.20 would be amended to provide that, following referral from committee to the Board of Supervisors, a measure must be available for public review for 30 days before action is taken by the full Board of Supervisors. However, on the day that a proposed resolution or motion is introduced,

BOARD OF SUPERVISORS
BUDGET ANALYST

the Board of Supervisors may, by unanimous vote of the members present, dispense with the 30-day waiting period and approve adoption.

Rule 4.31 would be amended to provide that resolutions introduced for immediate adoption without reference to committee would require a 30 day waiting period, unless a written request is received by the sponsor and unanimous consent is given by the members present that an "urgent need exists" to dispense with the 30-day waiting period. Rule 4.31 would also be amended to reflect that measures which are introduced during roll call for immediate adoption would be considered at a meeting which is held 31 days from the date the resolution is introduced.

Rule 4.24 would be amended to reflect that a committee shall not forward a recommendation to the full Board of Supervisors regarding a proposed amendment or addition to the Municipal or Administrative Codes or the City Charter, unless the text of the measure has been available for public inspection for at least 30 days prior to the hearing.

Comments:

File 97-93-6

1. The City Attorney reports that the City will be required to meet and confer with employee organizations concerning Section 66.24 of the proposed ordinance concerning the release of personnel records, and that this process must be completed before the Board of Supervisors adopts the ordinance.

2. Under the new public meeting requirements of the proposed ordinance which have been identified by the City Attorney, the City would be required to provide more detailed information and documentation of proceedings which occur in closed session, to provide minutes of all board and commission meetings, and to create public review files of board and commission correspondence. These provisions would impose new fixed costs, meaning that the costs would not depend on the extent to which public information was actually requested under the provisions of the proposed ordinance.

Based on approximately 917 meetings which are conducted annually by the Board of Supervisors, the 22 Boards and Commissions enumerated in the Charter, and 6 additional Commissions established by ordinance, the Budget Analyst

* **BOARD OF SUPERVISORS**
BUDGET ANALYST

estimates that the total annual cost to the City to comply with the new public meeting requirements of the proposed ordinance, including documentation of closed sessions, creating public review files of Board and Commission correspondence, and preparing the minutes of meetings, would be approximately \$141,789. This figure is based on salary and fringe benefits costs of \$35.60 per hour, including fringe benefits, for a Class 1492 Assistant Clerk for the Board of Supervisors over a total of approximately 1,339 hours annually (\$47,676), and salary and fringe benefit costs of \$24.26 per hour, including fringe benefits, for a Class 1408 Principal Clerk over a total of approximately 3,879 hours annually (\$94,113).

The above estimates are equivalent to the services of approximately 2.5 FTEs annually to document closed sessions, prepare minutes, and create public review files for approximately 917 meetings which are conducted annually by City Boards and Commissions, or an average of approximately 5.7 hours per meeting.

3. The fiscal impact of the public record provisions of the proposed ordinance (File 97-93-6) will depend on the extent to which information is actually requested by the public, and therefore would impose variable costs which cannot be precisely estimated at this time. However, the amount of information which would be subject to disclosure under the public records provisions of the proposed ordinance would be substantial, including personnel records, law enforcement records, documentation of contracts, bids, and proposals received by the City, and records of the City's payments to vendors, in addition to all of the correspondence, memoranda, and reports, in both draft and final form, which the City prepares. In addition, the proposed ordinance provides that information would be required to be provided within 30 hours of the request, at the latest.

Given the scope of the proposed ordinance, the Budget Analyst considers that a reasonable minimum estimate of the resources needed to implement the public records requirements of the proposed ordinance would be as follows:

BOARD OF SUPERVISORS
BUDGET ANALYST

Memo to Joint Rules/Budget Committee
May 4, 1993 Joint Rules/Budget Committee Meeting

	FTE	Amount
1312 Public Information Officer	2.0	\$88,636
1446 Secretary	1.0	36,566
9765 Assistant to CAO	.10	6,587
8174 Civil Attorney	<u>.05</u>	<u>2,882</u>
Subtotal:	3.15	\$134,671
Fringe benefits @ 27 percent		<u>36,361</u>
Total Estimated Direct Costs		\$171,032
Indirect Costs @ 25 percent		<u>42,758</u>
Total Estimated Minimum Costs for Public Records:		\$213,790

As shown above, this estimate represents the services of approximately 3.15 FTE's to ensure compliance with the new public records requirements of the proposed ordinance for 28 City Boards and Commissions (and a larger number of departments), including 22 enumerated in the Charter and 8 established by ordinance of the Board of Supervisors. The services of the estimated 3.15 FTE's would be equivalent, on average, to 4.5 hours per week of services provided by each of the City's 28 Boards and Commissions.

However, the Budget Analyst believes that the estimated minimum costs of \$213,790 to comply with the proposed public records requirements could increase substantially, depending on the extent to which information requests are actually received, and on the nature and complexity of the requests.

4. The cost to the City of providing public information would be offset by fees which the City could charge 1) to assist in locating private citizens whose privacy interests are involved in a request for information, or 2) to edit and footnote documents which are not required, or not permitted, to be disclosed in their entirety. In addition, fees for duplication of documents may be charged at \$.01 per page for documents ordinarily produced for distribution, and \$.10 per page for documents provided in response to a specific request for information.

However, the City's costs to determine which parts of a document need not (or must not) be disclosed are specifically excluded from the reimbursement provisions of the proposed ordinance. Moreover, the proposed ordinance does not provide for reimbursement of the City's labor costs for departmental staff to interact with persons requesting

BOARD OF SUPERVISORS
BUDGET ANALYST

information, identify the information which is needed, verify the existence of the record, locate the record, copy the record, contact the requesting party, prepare any records which are mailed, respond to questions, etc.

Therefore, although some departmental staff time, involving (1) locating private citizens whose privacy is affected by the request and (2) footnoting documents which have been abridged, would be subject to reimbursement by the requesting party, reimbursement would not be received for the City's costs to provide most of the information which is subject to disclosure under the proposed ordinance. Therefore, in the judgment of the Budget Analyst, the reimbursement provisions of the proposed ordinance will not recover all of the City's costs to comply with the proposed ordinance.

5. In summary, the Budget Analyst estimates the annual costs of implementing the proposed ordinance as follows:

Public Meetings:

To document closed sessions, provide agendas and minutes of all board and commission meetings, and create public review files:

\$141,789

Public Records:

To respond to requests for information under the public records requirements of the proposed ordinance:

213,790

Total Estimated Minimum Annual Costs

\$355,579

Therefore, the Budget Analyst believes that a reasonable estimate of the minimum annual cost to implement the proposed ordinance is \$355,579. However, as previously noted, the estimated minimum annual cost of \$355,579 could increase substantially, depending on the extent to which information requests are actually received by City departments, and the nature and complexity of the requests.

6. Any request by City departments for additional resources to implement the proposed ordinance would be subject to review by the Mayor and the Board of Supervisors during the annual budget review or as a supplemental appropriation request. As with any appropriation request, the Budget Analyst will not recommend additional expenditures unless a specific need for such expenditures can be demonstrated by the requesting department.

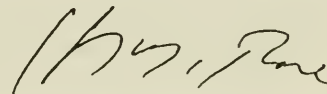
BOARD OF SUPERVISORS
BUDGET ANALYST

File 56-93-1

7. The Budget Analyst has not identified any costs associated with the proposed motion to amend the Rules of Order of the Board of Supervisors, which would require that legislation be available for public review for at least 30 days before action is taken by the Board of Supervisors. The 30-day waiting period could be waived if the Board of Supervisors unanimously agreed that an "urgent need" exists to dispense with the waiting period.

Recommendations: 1. Approval of the proposed ordinance (File 97-93-6) is a policy matter for the Board of Supervisors. As previously noted, the Budget Analyst has been advised that an Amendment of the Whole for this legislation is expected to be submitted in the future.

2. Approval of the proposed motion (File 56-93-1) is a policy matter for the Board of Supervisors.



Harvey M. Rose

cc: President Alioto
Supervisor Migden
Supervisor Bierman
Supervisor Hsieh
Supervisor Conroy
Supervisor Achtenberg
Supervisor Hallinan
Supervisor Kaufman
Supervisor Kennedy
Supervisor Maher
Supervisor Shelley
Clerk of the Board
Chief Administrative Officer
Controller
Teresa Serata
Barbara Kolesar
Ted Lakey

BOARD OF SUPERVISORS
BUDGET ANALYST

SF
590.07
#2
5/5/93

DOCUMENTS DEPT.
MAY 7 1993
SAN FRANCISCO
PUBLIC LIBRARY

CALENDAR - Actions Taken

MEETING OF
BUDGET COMMITTEE
BOARD OF SUPERVISORS
CITY AND COUNTY OF SAN FRANCISCO

WEDNESDAY, MAY 5, 1993 - 2:00 P.M. ROOM 228, CITY HALL

PRESENT: SUPERVISORS MIGDEN, HSIEH, ALIOTO

ABSENT: SUPERVISOR ALIOTO - ITEMS 1-3 and 12-16

CLERK: KAY GULBENGAY

NOTE: Copies of the Budget Analyst's Report will be available for review on the counter in the Office of the Clerk of the Board, Room 235, City Hall, 10:00 a.m., the date of the meeting.

CONSENT CALENDAR

1. All matters listed hereunder constitute a Consent Calendar, are considered to be routine by the Budget Committee, and will be acted upon by a single roll call vote of the Committee. There will be no separate discussion of these items unless a member of the Committee or a member of the public so requests, in which event the matter shall be removed from the Consent Calendar and considered as a separate item.

(a) File 101-92-2.3. [Release of Funds] Requesting release of reserved funds, Department of Public Health, Division of Mental Health and Substance Abuse Services, in an amount totalling \$571,150, start up fund, for one Latino agency (Horizon's Unlimited of San Francisco, Inc., \$261,277) and three African American agencies (Westside Community Mental Health Services, Inc., \$47,011, Morrisania West, Inc., \$157,350 and Potrero Hill Neighborhood House, Inc., \$105,512), to provide substance abuse treatment services specifically for African American and Latino youths. (Department of Public Health)

ACTION: Release of \$571,150 recommended. Filed.

2. File 101-92-66.1. [Release of Funds] Requesting release of reserved funds, Registrar of Voters, in the amount of \$175,000, for Special Election Fund. (Registrar of Voters)

ACTION: Release of \$175,000 recommended. Filed.

3. File 101-92-66.2. [Government Funding] Ordinance appropriating \$120,000 for program project budget (Special Election Fund), Registrar of Voters. (Controller)

ACTION: Hearing held. Recommended.

4. File 270-93-3. [Mayor's Earthquake Emergency Relief Fund Expenditure] Resolution approving expenditure of \$289,549 from the Mayor's Earthquake Emergency Relief Fund to modernize certain equipment assigned to the Office of Emergency Services (OES), and to equip the Emergency Command Center (ECC) of the City and County of San Francisco. (Mayor's Office of Emergency Services)
(Continued from 4/21/93)

ACTION: Hearing held. Amended on page 1 lines 1 (in title) and 22 by replacing "\$289,549" with "\$198,793".

New Title: "Approving expenditure of \$198,793 from the Mayor's Earthquake Emergency Relief Fund to modernize certain equipment assigned to the Office of Emergency Services (OES), and to equip the Emergency Command Center (ECC) of the City and County of San Francisco."

Recommended as amended.

5. File 190-93-2. [Gift of Funds] Resolution approving a gift of funds from the Department of Parking and Traffic to the Names Project. (Supervisor Migden)

ACTION: Hearing held. Recommended. (Supervisor Alioto added as co-sponsor.)

6. File 209-93-1. [Fee Increase] Resolution approving the California Academy of Sciences admission fee increases with respect to buildings under its control. (Supervisor Migden)

ACTION: Hearing held. Recommended.

7. File 97-93-21. [Environmental Review Fees] Ordinance amending Administrative Code by amending Section 31.46A to increase fees, add new fees and extend the operative date through 1995 concerning environmental impact reports and negative declarations and amending Section 31.46 to be operative January 1, 1996 concerning fees for environmental review procedures. (Supervisor Hsieh)

ACTION: Hearing held. Recommended.

8. File 97-93-22. [Fee Surcharge] Ordinance amending Administrative Code by amending Chapter 10F.1 concerning the surcharge to recover costs for acquiring office space at 1660 Mission Street, for section numbers to conform to new legislation. (Supervisor Hsieh)

ACTION: Hearing held. Recommended.

9. File 115-93-4. [Planning Fees] Ordinance amending City Planning Code by repealing existing Article 3.5A and enacting new Article 3.5A to reorganize the article, impose new fees, change the amount of fees currently charged relating to Department of City Planning actions, activities and services and extend the operative date through 1995 and by amending Article 3.5 to be operative January 1, 1996 concerning planning code fees. (Supervisor Hsieh)

ACTION: Hearing held. Recommended.

10. File 101-92-60. [Government Funding] Ordinance appropriating \$15,307,533, Fire Department, for various capital improvement projects. RO #92192 (Controller)

ACTION: Hearing held. Amended on page 1 lines 1 (in title) and 10 by replacing "\$15,307,533" with "\$15,204,533"; on line 2 after "1992-93" by adding "placing \$10,788,125 on reserve"; on line 24 by deleting "\$37,260" and further amended on page 2 line 3 by replacing "\$15,307,533" with "\$15,204,533"; and on line 4 by adding "Section 2. Funds in the amount of \$10,788,125 including \$379,300 for FCM Capital improvements pending selection of improvements to be made at Fire Stations and \$10,408,825 pending selection of contractors and determination of cost details and MBE/WBE status of contractors are hereby placed on reserve, to be released by the Budget Committee."
New Title: "Appropriating \$15,204,533, Fire Department, for various capital improvement projects for Fiscal Year 1992-93; placing \$10,788,125 on reserve."
Recommended as amended.

11. File 101-92-67. [Government Funding] Ordinance appropriating \$975,000 for fees and other compensation and rescinding \$155,000 from fees and other compensation, Superior Court for Fiscal year 1992-93. (Controller) RO #92210

ACTION: Hearing held. Recommended. (Supervisor Alioto added as co-sponsor.)

12. File 127-93-1. [Stadium Operator Admission Tax] Ordinance amending Part III, Municipal Code, by amending Sections 802 and 807 to eliminate the expiration of the exemption from admissions tax for tickets sold at \$12.99 or less, raising the maximum ticket price qualifying for exemption from \$12.99 to \$25.01 and increasing the rate of the stadium admission tax from 50 cents to \$1.50. (Supervisor Alioto)
(Continued from 3/31/93)

ACTION: Continued to the May 12, 1993 meeting.

13. File 62-93-2. [Lease Amendment] Ordinance approving a lease amendment entered into between the City and County and the San Francisco 49ers, which would change the formula by which concession revenues are allocated to the City and the 49ers. (Supervisor Alioto)

ACTION: Continued to May 12, 1993 meeting.

14. File 165-93-5. [Management Audit] Motion directing the Budget Analyst to conduct a management audit of the Municipal Railway. (Supervisors Conroy, Alioto)

ACTION: Continued to the call of the chair at the request of sponsor.

15. File 165-93-5.1 [Supplemental Appropriation] Resolution urging the Mayor to urge the Public Utilities Commission to introduce a supplemental appropriation for the purposes of conducting an independent management audit of the Municipal Railway. (Supervisor Conroy)

ACTION: Continued to the call of the chair at the request of the sponsor.

16. File 100-93-5. Hearing to consider the findings of the Budget and Planning Subcommittee of the City's Joint Fiscal Task Force To Resolve City's Fiscal Crisis. (Supervisor Shelley)

ACTION: Hearing held. Filed.

0.07
93
CITY AND COUNTY



OF SAN FRANCISCO

BOARD OF SUPERVISORS

DOCUMENTS DEPT.

MAY 4 - 1993

BUDGET ANALYST

1390 MARKET STREET, SUITE 1025

SAN FRANCISCO
PUBLIC LIBRARY

SAN FRANCISCO, CALIFORNIA 94102 • TELEPHONE (415) 554-7642

May 3, 1993

TO: Budget Committee
FROM: Budget Analyst *Recommendations*
SUBJECT: May 5, 1993 Budget Committee Meeting

Item 1a - File 101-92-2.3

Department: Department of Public Health (DPH),
Community Mental Health (CMH) and Community Substance
Abuse Services (CSAS)

Item: Release of reserved funds, in an amount totaling \$571,150, for
Horizon's Unlimited of San Francisco, Inc., Westside
Community Mental Health Services, Inc., Morrisania West,
Inc., and Potrero Hill Neighborhood House, Inc., for the
provision of substance abuse treatment services.

Amount: \$571,150

Source of Funds: General Fund

Description: During the 1992-93 budget process, the Board of Supervisors
placed \$1,200,000 included in the DPH budget on reserve. The
\$1,200,000, which was earmarked for substance abuse
treatment services for African American and Latino youth, was
placed on reserve pending the selection of contractors and the
contract budget details.

The DPH advises that Horizon's Unlimited of San Francisco,
Inc., Westside Community Mental Health Services, Inc.,
Morrisania West, Inc., and Potrero Hill Neighborhood House,
Inc., four non-profit agencies, were recently selected through

the DPH's Request for Proposal (RFP) process to provide the necessary substance abuse treatment services. The DPH is now requesting that a total of \$571,150 of the \$1,200,000 previously placed on reserve be released from reserve to pay for these contract services.

Horizon's Unlimited of San Francisco, founded in 1965, currently provides various programs targeting Latino youth and young adults, including substance abuse treatment, early intervention, and prevention services. Under the proposed contract with DPH, Horizon's would collaborate with other community-based organizations located in the Mission District (i.e. the Real Alternatives Program and El Instituto Familiar de la Raza) to provide comprehensive substance abuse treatment and support services to 30 Latino adolescents and young adults ages 12-25. Specific services to be provided would include in-take and assessment, medical services, an educational program, meals, substance abuse counseling, mental health services, family support, vocational programs, AIDS prevention education and recreational/social activities.

Westside Community Mental Health Services, Potrero Hill Neighborhood House and Morrisania West are proposing to collaborate together to provide substance abuse services City-wide to African American youth and young adults.

Westside Community Mental Health Services, which has been in operation for over 14 years, currently provides outpatient drug-free counseling and prevention services to adolescents and young adults. Under the proposed contract with DPH, Westside would provide comprehensive outpatient drug-free counseling and prevention services and limited medical and mental health services to 60 African American youths and adults ages 12-25. Westside would also serve as the client intake unit for Potrero Hill and Morrisania West and would assume responsibility for outreach activities designed to make potential clients and other community-based agencies aware of the availability of the substance abuse services being provided by the collaborative efforts of the three participating agencies.

Potrero Hill Neighborhood House has provided residential and various support services to individuals and families since 1907. Under the proposed contract with DPH, Potrero Hill would expand and enhance their services to provide comprehensive drug abuse treatment services and support services to 30 African American adolescents and adults ages 12-25. Primary services would include individual, group and family substance abuse counseling. Secondary services would include vocational,

BOARD OF SUPERVISORS
BUDGET ANALYST

job-readiness, educational, life-style, and community awareness training.

Morrisania West, which was founded in 1970, currently provides education and counseling services to high school dropouts and truants throughout San Francisco. Under the proposed contract with DPH, Morrisania West would expand their services to provide comprehensive drug intervention and treatment services and support services to 30 African American youths and adults ages 12-25. The program's services would include social services, nutritional services, counseling (individual, family, group), body and drama therapy, AIDS education, parenting services, assistance in family reunification, referral services, recreational and social activities and vocational services.

The four contract budgets totaling \$571,150 for Horizon's Unlimited (\$261,277), Westside Community Mental Health (\$47,011), Potrero Hill Neighborhood House (\$105,512) and Morrisania West (\$157,350), are detailed below:

Horizon's Unlimited

<u>Personnel</u>	<u>FTE</u>		
Day Treatment Coordinator	0.16	\$5,333	
Administrative Assistant	0.16	3,333	
Fringe Benefits		<u>1,733</u>	
Subtotal	<u>0.32</u>		\$10,399

Operating Expenses

Utilities	\$640
Office Supplies and Postage	2,935
Printing and Reproduction	1,000
Insurance	500
Rental of Equipment	150
Building Renovation:	
To include minor plumbing, electrical work, paint, wall repair, carpeting, ceiling adjustment, window repair	50,000
School Furniture	10,000
Personal Computers (6)	35,000
Software	6,000
Video/Audio	1,200
Medical Equipment	3,000
Art Room Equipment	5,000
Recreational Equipment	3,000
Kitchen Equipment	5,000
Van	30,000
Telephone Equipment	6,200

BOARD OF SUPERVISORS
BUDGET ANALYST

Telephone Installation	2,250	
Materials and Supplies	16,000	
Security System Installation	500	
School Books	30,000	
Consultant Services	<u>34,000</u>	
Subtotal		242,375

Administrative Overhead 8,503

Total **\$261,277**

Westside Community Mental Health

<u>Personnel</u>	<u>FTE</u>		
Program Director	0.08	\$3,967	
Licensed Case Worker	0.16	5,333	
Outreach Worker	0.16	4,334	
Fringe Benefits		<u>3,545</u>	
Subtotal	0.40		\$17,179

Operating Expenses

Utilities	\$150	
Office Equipment	500	
Printing and Reproduction	1,000	
Insurance	2,000	
Staff Training	200	
Travel	200	
Office Furniture	3,750	
Building Renovations (minor)	4,000	
Advertising	1,000	
Medical Supplies	800	
Educational Materials	500	
Miscellaneous	600	
(1) IBM Personnel Computer and related Accessories	5,000	
Laser Printer	2,000	
FAX Machine	<u>2,000</u>	
Subtotal		23,700

Administrative Overhead 6,132

Total **\$47,011**

BOARD OF SUPERVISORS
BUDGET ANALYST

Potrero Hill Neighborhood House

<u>Personnel</u>	<u>FTE</u>	
Project Director	0.16	\$6,333
Clerical Worker	0.16	3,633
Janitor	0.04	1,050
Therapeutic Counselor	0.16	4,334
Family Therapist	0.04	2,600
Community Liaison	0.16	5,333
Instructor	0.08	1,733
Cultural Coordinator	0.04	693
Vocational Coordinator	0.04	1,000
Fringe Benefits		<u>5,133</u>
Subtotal	0.88	\$31,842
 <u>Operating Expenses</u>		
Utilities		\$336
Office Supplies		1,000
Printing and Reproduction		250
Insurance		2,650
Advertisement		1,500
Building Renovation (installation of of panels and accordion screens to divide existing space into separate rooms to be used for counseling)		22,000
VCR		217
Television		1,840
VHS Camcorder		758
Personal Computer (2 computers with software)		6,500
Telephones and system equipment		6,400
Xerox Copier		15,000
FAX Machine		450
Office Furnishings		<u>7,841</u>
Subtotal		66,742
 <u>Administrative Overhead</u>		 <u>6,928</u>
 Total		 \$105,512

BOARD OF SUPERVISORS
BUDGET ANALYST

<u>Morrisania West</u>	<u>FTE</u>	
<u>Personnel</u>		
Executive Director	0.08	\$6,062
Project Coordinator	0.16	5,010
Clinical Counselors(2)	0.33	7,515
Outreach Worker	0.16	3,340
Secretary	0.16	3,173
Dance/Drama Therapist	0.04	875
Fringe Benefits		<u>6,719</u>
Subtotal	<u>0.93</u>	\$32,694
<u>Operating Expenses</u>		
Rent		\$8,370
Utilities		618
Office Supplies		2,334
Building Maintenance		84
Printing and Reproduction		167
Insurance		501
Staff Training		84
Staff Mileage		94
Consultant Services		334
Food		251
Equipment Maintenance		117
Van		\$20,000
Security System		10,000
Telecommunications Equipment and Installation		11,500
Recreational Supplies/Equipment		10,000
Office Furniture		10,000
Janitorial		2,000
Travel		500
Training Materials		500
Photocopy Machine		1,200
Facsimile Machine		500
Typewriter (2)		1,000
Kitchen Equipment		1,400
Consultant Services		20,000
Food		10,000
Personal Computers w/Printers (4)		<u>12,000</u>
Subtotal		123,554
Administrative Overhead		<u>1,102</u>
Total		\$157,350

Recommendation Approve the proposed release of reserved funds in the amount of \$571,150.

BOARD OF SUPERVISORS
BUDGET ANALYST

Items 2 and 3 - Files 101-92-66.1 and 101-92-66.2

Department: Registrar of Voters

Items: Item 2, File 101-92-66.1 is a release of reserve for Special Election Fund.

Item 3, File 101-92-66.2 is a supplemental appropriation ordinance for program project budget (Special Election Fund).

Amounts: Item 2 Release of Reserve \$175,000
Item 3 Supplemental Appropriation Ordinance \$120,000

Source of Funds: Item 2 - Deposit totaling \$500,000 from the San Francisco Unified School District (\$325,250) and the San Francisco Community College District (\$174,750)

Item 3 - General Fund Unallocated (to be reimbursed by Unified School District and Community College District)

Description: The San Francisco County Public Finance Authority, by an Ordinance dated March 11, 1993, requested that the City call a special election to be held on June 15, 1993, for the purpose of submitting the following proposition to the electorate:

Shall an ordinance of the San Francisco County Public Finance Authority be adopted so as to 1) approve a transactions and use tax of one quarter of one percent for the general purpose of providing financial assistance to the San Francisco Unified School District (SFUSD) and the San Francisco Community College District (SFCCD); 2) approve an increase in the California Constitution Article XIIIB appropriations limit for said districts in an amount equal to the revenues derived by each district from the transactions and use tax for the same fiscal year?

The Ordinance adopted by the San Francisco County Public Finance Authority includes a provision whereby if the proposed increase in the Sales Tax is approved, all costs of conducting the election shall be reimbursed to the City and County by the Authority from the revenues derived from the transactions and use tax imposed.

The Board of Supervisors adopted Motion No. 60-93-2 on March 15, 1993, calling a special election to be held on June 15, 1993. The holding of the proposed election would be subject to the Public Finance Authority voting again, by May 4, 1993, to place the proposition before the voters. Otherwise

the Board of Supervisors would cancel the proposed June 15, 1993, special election.

Motion No. 60-93-2 provides that "the City and County shall be reimbursed by the Public Finance Authority for all costs of conducting the special election from the proceeds of the tax to be imposed if the ordinance is approved by the voters, and the City and County shall be reimbursed by the SFUSD and the SFCCD for the costs of the special election should the ordinance not be approved by the voters." Further, the SFUSD is to be responsible for two-thirds of the costs of the special election and the SFCCD is to be responsible for one-third of the costs.

Ms. Germaine Wong, the Registrar of Voters, advises that the total estimated cost for conducting the special election is \$620,000. The details of that \$620,000, as provided by the Office of the Registrar of Voters, are as follows:

Personal Services

Temporary Salaries	\$280,000	
Fees & Other Compensation	140,000	
Overtime Pay	2,000	
Holiday Pay	<u>2,250</u>	
Subtotal		\$424,250

Non-Personal Services

DP/WP Professional Services	\$12,000	
Other Non-professional Services	5,000	
Use of Employees Automobile	50	
Other Services		
Printing	\$51,700	
Translating	2,500	
Typesetting	2,500	
Postage	70,000	
Miscellaneous	12,000	
Subtotal	138,700	
Rental of Polling Places	<u>30,000</u>	
Subtotal		185,750
Materials and Supplies		<u>10,000</u>
Total		\$620,000

At their April 28, 1993 meeting, the Budget Committee approved a \$500,000 supplemental appropriation ordinance (File 101-92-66) to fund the original \$500,000 estimated costs of the special election and reserved \$175,000 pending an explanation as to why more than \$10,000, which was the maximum amount which the Budget Committee was previously advised would be expended prior to all final

BOARD OF SUPERVISORS
BUDGET ANALYST

approvals, has been expended. The Registrar of Voters advised the Budget Committee at its April 28, 1993 meeting that an estimated \$325,000 had already been expended. Item 2, File 101-92-66.1 is a request for release of \$175,000 (\$500,000 prior request less \$325,000 previously expended). Item 3, File 101-92-66.2 is a second supplemental appropriation for the \$120,000 difference between the current cost estimate of \$620,000 for the special election detailed above and the \$500,000 already appropriated.

Ms. Wong reports that the Unified School District and the Community College District will make a final payment to the City for all of the special election costs, currently estimated to be \$620,000, after the Registrar of Voters makes a final accounting of all special election costs.

Comments:

1. Ms. Wong, stated in a letter dated April 8, 1993, to the President of the Board of Education and to the Community College Board that, as provided for in Motion 60-93-2, "Whether or not the special election is held, the two Districts will pay for all costs in preparing for and conducting the special election....A final reconciliation of actual costs will be presented after the election is certified, or the election is cancelled, and the difference will be settled at that time."

2. Mr. Bob Golten of the SFUSD and Mr. Peter Goldstein of the SFCCD concur with Ms. Wong's statement as to the two Districts being responsible for all costs.

3. The Budget Analyst's January 27, 1993 report to the Budget Committee which provides the background related to an increase on the Sales Tax rate is attached.

4. Mr. Ted Lakey of the City Attorney's Office indicates that a recent court decision striking down the existing one-quarter cent sales tax because it was not approved by a two-thirds majority vote has no bearing on the proposed one-quarter cent sales tax because the proposed tax would require a two-thirds majority vote to be enacted.

Recommendation:

Approval of the proposed legislation is subject to the May 4, 1993 decision by the Public Finance Authority and a final decision by the Board of Supervisors.

BOARD OF SUPERVISORS
BUDGET ANALYST

Memo to Budget Committee
January 27, 1993

Item 12 - File 175-93-1

1. The proposed resolution would (a) declare the intent of the Board of Supervisors of the City and County of San Francisco to propose an increase in the transactions and use tax (i.e. Sales Tax) in the City and County pursuant to Chapter 3.5 of the Revenue and Taxation Code, and (b) establish the San Francisco County Public Finance Authority (Public Finance Authority).

2. The Sales Tax rate which can be imposed within the State of California can be allocated into three distinct components: the State of California rate, the Bradley-Burns uniform local rate, and the optional locally imposed transaction and use tax rate. The proposed resolution would declare the intent of the Board of Supervisors to increase the transactions and use tax rate specifically, which hereafter will be referred to as the Sales Tax.

3. AB 1930 is the bill which authorizes counties to increase the transactions and use component of the overall Sales Tax rate for the purpose of financing drug abuse prevention, crime prevention, health care services, and public education. AB 1930 provides the following:

- Counties may adopt a resolution by either or both a) a majority of the county Board of Supervisors, or b) by a majority of both the Board of Education of the San Francisco Unified School District and the Board of Governors of the Community College District, which declares an intent to propose an increase in the transactions and use tax rate (i.e. Sales Tax rate) and to establish a Public Finance Authority. A Public Finance Authority is established for the purpose of recommending a sales tax increase to the voters and for determining the distribution of the new revenues resulting from the sales tax increase.
- The Public Finance Authority would be governed by a 10-member Board of Directors consisting of five members of the Board of Supervisors and a total of five members from both the Unified School District and the Community College District. The proposed resolution specifies that the San Francisco Board of Supervisors would elect five of its eleven members to serve on the Board of Directors of the Public Finance Authority.
- Counties can increase the Sales Tax rate by either 0.25 percent or 0.5 percent provided both of the following occurs: a) an ordinance is approved by a two-thirds vote of the Public Finance Authority which specifies how the proceeds will be spent (i.e. drug abuse prevention, crime prevention, health care services and public education), and b) the proposed Sales Tax rate increase is approved by a majority of the qualified voters.

Memo to Budget Committee
January 27, 1993

4. On January 12, 1993, the Board of Education of the San Francisco Unified School District approved a resolution which declares its intent to increase the Sales Tax rate by either 0.25 percent or 0.5 percent and authorizes the creation of the San Francisco County Public Finance Authority. The current 0.25 percent Sales Tax surcharge for the Unified School District and the Community College District will expire on June 30, 1993. The Public Financing Authority would be established upon adoption of a similar resolution by the Board of Governors of the Community College District. According to Mr. Bob Golton of the San Francisco Unified School District, the rate of the proposed increase in the Sales Tax and the allocation of the Sales Tax proceeds from the increased rate would be decided by the Public Finance Authority.

5. The total current Sales Tax rate is 8.5 percent in San Francisco. The proceeds from this tax are distributed as follows:

<u>Portion of 8.5 percent Sales Tax Rate</u>	<u>Distributed to</u>
6.0 percent	Current total to State of California; includes a 4.75 % base rate; 0.5% temporary surtax; 0.25% temporary surtax; 0.5% dedicated to realignment.
1.0 percent	Amount provided to City and County General Fund; 1993-94 projected is \$90,640,000.
0.5 percent	County Transportation Commission
0.25 percent	Statewide County Transportation
0.5 percent	Bay Area Rapid Transit District
<u>0.25 percent</u>	Surtax, expiring 6/93, dedicated to the San Francisco Unified School District and the San Francisco Community College District
8.5 percent	Total Sales Tax Rate in San Francisco County

Memo to Budget Committee
January 27, 1993

6. Based on information provided by the State Board of Equalization, on July 15, 1991, a Sales Tax increase became effective which increased the total State-allocated Sales Tax by 1.25 percent, from the 4.75 percent base rate to 6.0 percent. The Governor's FY 1993-94 budget indicates that the 0.5 percent temporary surtax noted above in the 6.0 percent portion of the Sales Tax allocated to the State of California would not be extended past its June 30, 1993 sunset date. The Governor's proposal is preliminary, and subsequent State legislation, if approved, may extend the 0.5 percent temporary sales tax. As noted above, the current 0.25 percent surtax for the San Francisco Unified School District and the San Francisco Community College District also expires on June 30, 1993. Therefore, depending upon the State Legislature, and depending on the approval of this proposed resolution and the approval of the San Francisco electorate, the following scenarios could result:

a) 8.25 percent. This Sales Tax rate would result if the proposed resolution is adopted which would enable the Public Finance Authority, with the approval of the voters, to increase the sales tax by up to 0.5 percent, and the Governor's proposed elimination of the State 0.5 percent surtax is approved by the State legislature (local 0.25 percent rate for schools expires).

b) 7.75 percent. This Sales Tax rate would result if the Governor's proposed elimination of the State's 0.5 percent surtax is approved by the State Legislature, and the San Francisco voters do not approve the increase in the Sales Tax rate by 0.5 percent (local 0.25 percent rate for schools expires).

7. Mr. Greg Ridenour of the Registrar of Voters reports that a special election would require a notice of 88 days after the Board of Supervisors calls for the special election. Mr. Ridenour estimates that a special election could cost the City up to \$1 million, depending on the number of initiatives which are placed on the ballot. AB 1930 specifies that the any increase in the Sales Tax rate must be approved by a majority of the qualified voters of that county. However, the City Attorney's Office states a two-thirds voter approval is required (see Comment No. 10). AB 1930 also indicates that the costs of a special election could be reimbursed from the proceeds generated from the Sales Tax rate increase. Therefore, if the voters do not approve the increase in the Sales Tax rate, an additional cost of up to \$1 million would be incurred by the City. However, if the special election is called as part of the November, 1993 ballot, the additional costs incurred would only be the minimal costs associated with additional voter pamphlet mailing and printing costs.

Memo to Budget Committee
January 27, 1993

8. The existing Sales Tax rates for San Francisco and other Bay area counties, as well as Los Angeles County, are as follows:

<u>County</u>	<u>Current Tax Rate</u>	<u>Sales Tax Rate With Proposed 0.5 percent Increase in San Francisco but Without State 0.5 percent Surtax</u>
San Francisco	8.5 percent	8.25 percent*
Alameda	8.25 percent	7.75 percent
Contra Costa	8.25 percent	7.75 percent
Marin	7.25 percent	6.75 percent
San Mateo	8.25 percent	7.75 percent
Santa Clara	8.25 percent	7.75 percent
Solano	7.25 percent	6.75 percent
Sonoma	7.50 percent	7.00 percent
Los Angeles	8.25 percent	7.75 percent

* Includes proposed 0.5 percent local Sales Tax increase (allocated to both the City and County and the Board of Education and the Community College District), and does not include the current .25 percent surtax for the San Francisco Unified School District and the San Francisco Community College District, which expires on June 30, 1993.

9. As noted above, if the State eliminates the 0.5 percent surtax and if San Francisco increases the Sales Tax by an additional 0.5 percent, to be allocated to the City and County and to the Board of Education and the Community College District, the total proposed Sales Tax rate for San Francisco would be 8.25 percent, which would be 1.5 percent higher than the proposed Marin County Sales Tax rate of 6.75 percent, and 0.5 percent higher than the other Bay Area counties including San Mateo, Alameda, Santa Clara and Contra Costa Counties. As noted, the difference between the Sales Tax in San Francisco and other counties assumes that San Francisco would be the only county which increases its Sales Tax.

10. Mr. David Oppenheim of the California State Association of Counties (CSAC) reports that as a result of recent a) litigation, b) legislation, c) a voter approved initiative and d) contradictory legal opinions, the requirements which a county must follow to increase the Sales Tax rate are now very unclear. In addition, Mr. Oppenheim reports that it is also unclear as to whether or not counties may increase a Sales Tax rate with a majority vote or whether a two-thirds voter approval is required, based upon recent court decisions in San Diego and Woodlake.

Memo to Budget Committee
January 27, 1993

Therefore, Mr. Oppenheim indicates that CSAC policy is that the State Revenue and Taxation Code needs to be amended for counties to have any clear authority to increase a Sales Tax rate locally.

Ms. Angela Karikas of the City Attorney's Office has indicated that a two-thirds majority of the voters would be required to increase the Sales Tax rate for the specific purpose of public education, drug abuse prevention and health care services.

11. According to Mr. Oppenheim, there is current State legislation which is being discussed which would clarify the requirements for increasing a local Sales Tax rate. Mr. Oppenheim adds that most counties in California are not considering increasing the Sales Tax rate until these legislative ambiguities are clarified. Based upon inquiries to the Regional County Offices of the State Board of Equalization, neither Marin, San Mateo, Alameda nor Santa Clara counties are proposing to increase their local Sales Tax rate at this time. Therefore, if the Sales Tax rate is increased by 0.5 percent for San Francisco, the Sales Tax rate for San Francisco will be the highest of the adjoining counties in the Bay area.

12. According to Ms. Sue Lee of the San Francisco Chamber of Commerce, the Chamber of Commerce has not yet developed an official position on the proposed Sales Tax rate increase, or determined the impact on businesses if the Sales Tax rate is increased by 0.5 percent. However, Ms. Lee notes that the Chamber of Commerce had previously remained neutral on the 0.25 percent Sales Tax rate for the San Francisco Unified School District and the Community College District.

13. Based upon the revenue projections for FY 1993-94 included in the "Joint Report on the Anticipated Revenue Shortfall for the Fiscal Year 1993-94 Budget" by the Controller, the Mayor's Co-Budget Directors and the Budget Analyst, dated January 15, 1993, a revenue shortfall of \$184 million is projected for FY 1993-94. This revenue shortfall is based upon the most recent revenue data, the Governor's State budget proposal (which includes an estimated \$72 million in reductions for San Francisco) and preliminary estimates of the City's expenditure requirements for FY 1993-94.

14. As noted above, in order to hold a special election, an 88 day notice is required beginning from the date the special election is called for by the Board of Supervisors. In addition, AB 1930 requires 90 days before the increased Sales Tax rate can be imposed. The additional revenues which are anticipated to be generated from increasing the local Sales Tax rate by one half cent (0.5 percent) are an estimated \$45,320,000 annually, based on the FY 1993-94 revenue projections contained in the Controller's, the Mayor's Co-Budget Directors' and the Budget Analyst's joint report. However, given the requirements of the special election and a 90 day State requirement before these revenues could be imposed, estimated revenues for FY 1993-94 would amount to \$33,990,000 (effective 10/1/93) if the special election were held no later than June, 1993, and an estimated \$11,330,000 (effective 4/1/94) if the special election was held in November, 1993. In addition, it is possible that actual revenues received in FY 1993-94 could be reduced if consumers travel to other areas to purchase goods and services, given the difference between the Sales Tax rate in San Francisco and the Sales Tax rate in surrounding

BOARD OF SUPERVISORS
BUDGET ANALYST

Memo to Budget Committee
January 27, 1993

counties. According to Mr. Ed Harrington, the Controller, San Francisco could request that the State adopt legislation which would expedite the 90 day State requirement in order to begin imposing a new Sales Tax in July, 1993, rather than having an effective date in October, 1993, which has been done with previous local Sales Tax increases.

Recommendation

Approval of the proposed resolution, which would declare the intent of the Board of Supervisors to propose an increase in the transactions and use tax (Sales Tax) rate and establish the San Francisco County Public Finance Authority, is a policy matter for the Board of Supervisors.

BOARD OF SUPERVISORS
BUDGET ANALYST

Item 4 - File 270-93-3

Note: This item was continued by the Budget Committee at its meeting of April 21, 1993.

Department: Mayor's Office of Emergency Services

Item: Resolution approving expenditure of \$289,549 from the Mayor's Earthquake Emergency Relief Fund to obtain consultant services and to purchase additional equipment for the Mayor's Office of Emergency Services (OES), Emergency Command Center (ECC).

Source of Funds: Mayor's Earthquake Emergency Relief Fund

Amount: \$289,549

Description: The design and construction of the City's new Emergency Command Center (ECC), located at 1003A Turk Street, was paid for by 1986 Fire Protection Bonds (Proposition A). The ECC, which recently became operational, is to be used to coordinate emergency relief efforts in the event of an earthquake or other major emergencies. In the event of an emergency, the ECC will enable coordination of emergency efforts by various City departments including the Fire Department, the Department of Public Health, the Police Department, the Department of Social Services, MUNI, the Sheriff, the Medical Examiner, the Recreation and Park Department, and the Department of Public Works. Additionally, the ECC will accommodate emergency personnel from the State Office of Emergency Services, Pacific Gas & Electric, Pac Bell, AT&T, San Francisco Unified School District, Caltrans, the American Red Cross, the CHP, military liaison and other appropriate agencies.

The 1986 Fire Protection Bonds which were used for the design and construction of the ECC, cannot be used for the purchase of equipment. As such, the Mayor's Office of Emergency Services is proposing to use the Mayor's Earthquake Emergency Relief Fund to purchase additional equipment aimed at enhancing the ECC's ability to conduct emergency recovery operations in the most efficient manner possible. Additionally, the ECC is proposing to use monies from this Fund to pay for consultant services to revise the ECC's Emergency Operations Plans. The Board of Supervisors previously approved a request from the Mayor's Office of Emergency Services for the expenditure of \$213,200 from the Mayor's Earthquake Emergency Relief Fund to purchase

BOARD OF SUPERVISORS
BUDGET ANALYST

equipment for the ECC in order to make the ECC operational (File 270-92-3). See Attachment 1.

The Mayor's Earthquake Emergency Relief Fund was established for purposes of receiving all private and public grants, gifts and bequests of money and property which may be offered to the City to provide relief from the October 17, 1989 Loma Prieta earthquake. Any monies expended from this Fund are subject to approval by the Board of Supervisors.

There is currently a balance of \$481,000 remaining in the Mayor's Earthquake Emergency Relief Fund.

The budget details for the proposed equipment and consultant services totaling \$289,549 are shown below:

Telecommunications Upgrade

Duplicate Common Control (telephone back up electronic switch)	\$26,200	
Telephones (36 @ \$196.88)	7,088	
Telephones (3 @ \$515)	1,545	
Telephone Headsets (39 @ \$205.20)	8,003	
Circuit Packs	11,253	
Attendant Console	2,761	
Uninterrupted Power Supply (battery operated back up system to allow time to activate diesel generator in case of computer system failure - installation and equipment)	12,100	
Telephone Trunk Cards	15,715	
Telephone Trunks	<u>2,525</u>	
Subtotal		\$87,190
Sales Tax (8.5%)		7,411
Installation (electric switch, telephones, circuit packs, trunks)	\$12,125	
Shipping	1,050	
Wiring	3,052	
Pacific Bell Installation	<u>3,172</u>	
Subtotal		19,399

Emergency Command Van Upgrade

Cellular Telephone Package	\$13,893	
Parts and Materials	32,200	
Labor	<u>32,500</u>	
Subtotal		78,593

BOARD OF SUPERVISORS
BUDGET ANALYST

ECC Life Support Items

Water dispensers, bathroom heaters, coat racks, paper towel dispensers, kitchen garbage disposals, bathroom supplies, kitchen trash containers	\$1,600
---	---------

ID Camera with Lamination Device

Camera and related equipment	600
------------------------------	-----

Volunteer Kits

Jackets, jump suits, hard hats, load bearing equipment (20 kits @ \$200 per/kit)	4,000
---	-------

<u>Computer Hardware and Software</u>	55,756
---------------------------------------	--------

Consultant Services

Revision of Emergency Operations Plans:	
Design of Plans (12 days @ \$600 per/day)	\$7,200
Coordination of Plans with applicable City departments (10 days @ \$600 per/day)	6,000
Coordination of Plans with State agencies (5 days @ \$600 per/day)	3,000
Development of Hazards Specific Plan (10 days @ \$600 per/day)	6,000
Development of a Resource Catalogue (6 days @ \$600 per/day)	3,600
Development of an Incident Command Manual (11.5 days @ \$600 per/day)	6,900
Copies of Plans (30 copies of three plans)	2,000
Camera -ready Masters of all Plans	<u>300</u>
Subtotal	<u>35,000</u>
Total	\$289,549

Comments:

1. Admiral John Bitoff of the OES advises that subsequent to the OES \$55,756 cost estimate for the computer hardware and software, the OES conducted a major earthquake exercise on April 15, 1993. According to Admiral Bitoff, the experience gained from this exercise has resulted in the need for the OES to reevaluate its requirements with respect to its data processing system. As such, the OES is withdrawing its request, at this time, for authorization to expend the \$55,756 from the Mayor's Earthquake Emergency Relief Fund to purchase the computer hardware and software. The OES intends to submit a future request for funds for the necessary

BOARD OF SUPERVISORS
BUDGET ANALYST

computer hardware and software once it has consulted the appropriate experts and has fully evaluated the type of emergency management system that would best suit the needs of the OES.

2. OES reports that the requested upgrade of the existing Emergency Command Van will provide a means of having emergency command and policy coordination capability at the scene of a major disaster. Currently, according to OES no such capability exists. The OES reports that, in collaboration with representatives from the Federal Emergency Management Agency (FEMA) and the State Office of Emergency Services, it has developed a plan to convert the Emergency Command Van from a basic communications capability to that of an emergency command and policy coordination capability. According to the OES, the basic difference is that advanced communications makes single purpose mobile units obsolete. The conversion will provide enhanced communications, and the space saved will allow room for decision makers to operate in accordance with established emergency guidelines. The cost estimates for the parts and materials and labor for this upgrade were provided to OES by the Purchasing Department. The upgrade, which is estimated to cost \$78,593, would include the following:

- Removal of current interior materials
- Removal of outdated, obsolete exterior items (i.e.,
 - warning light bars and associated wiring
 - underbody compartment doors
 - damaged front bumper
 - extend rear bumper to accept stairs
 - existing battery bank)
- Construction of interior compartments, countertops, tables, bench seat
- Creation of storage areas
- Installation of combination air and heat unit strips in the interior
- Upgrading of specialized equipment systems (lighting, wall and floor coverings, ceiling covers, rear-facing cameras, marine grade spot light, warning lights, response lights, light bars, upgrade)
- Revamping of the existing entry doors to afford more space
 - Rerouting antennae conduits, replace antennae systems, rewire body for radios, overhead lights, 120V receptacles, 12 VDC for spot lights, flood lights and warning lights
- Installation of battery charger system, battery packs
- Exterior and interior painting
- Furnishing and installing TV monitors

BOARD OF SUPERVISORS
BUDGET ANALYST

- Transmission conversion from standard to automatic
- Cellular Telephone Installation

A list of the cellular equipment, costing \$13,893, is attached (see Attachment 2).

3. The requested 39 telephones would replace 39 existing telephones at the ECC. The OES is proposing to replace the existing 39 telephones because they are single line phones which are complicated to operate and are not equipped to directly access the City's private telephone network (i.e. AT&T and PBX), in the event of an emergency. The OES advises that the Department of Electricity and Telecommunications intends to use the existing 39 telephones in other, as yet, undetermined City departments.

4. The OES advises that a Request for Proposals (RFP) has not, as yet, been issued to acquire the necessary consultant services for the revision of the Emergency Operations Plans. As such, the Budget Analyst recommends that the requested amount of \$289,549 be reduced by \$35,000, pending the selection of a consultant, the consultant cost details and the MBE/WBE status of the consultant.

Recommendation: Amend the proposed resolution to reduce the request of \$289,549 by \$90,756 (\$55,756 for the computer hardware and software plus \$35,000 for consultant services) to \$198,793. Approve the proposed resolution as amended.

EMERGENCY COMMAND CENTER EQUIPMENT COST ESTIMATE:

<u>Quantity</u>	<u>Item</u>	<u>Est. Cost</u>
3	copiers (multiple feed, sort, collate, adjust size)	\$ 15,000
14	computers w modem cards	45,000
6	laser printers	9,000
4	modems	800
3	plain paper fax machines	7,500
1	amateur radio band receiver	1,000
1	packet TNC for amateur radio	500
1	EDIS (Emergency Digital Info. System) transformer	1,000
25	radios and/or radio consoles	5,000
1	VHF multifrequency radio	2,000
1	UHF multifrequency radio	2,000
1	OCR scanner	2,500
3	handi-talkie radios	4,500
40	2500 phone instruments with lamp message (includes installation)	4,000
10	install 10 existing superset phones	500
8	data dial up trunks (1 card)	3,000
4	install 4 dedicated data lines	800
---	wire and connect radio equipment	3,000
2	telephone trunk cards	6,000
10	telephone trunks	500
2	portable generators for ancillary buildings	20,000

page 2

--- computer software	2,000
area drain into lower parking lot (includes labor)	10,000
acoustical paneling (generator room)	7,000
EBS equipment, material & installation	4,500
Muni radio & installation	4,500
Red Cross radio & installation	4,500
PG&E radio & installation	4,500
VCR and amplifier for internal video system (includes \$400 for cable and installation)	1,000
internal public address system (includes 10 speakers, \$500; 1 amplifier, \$500; talk-back features unit, \$200; and installation, \$2,400)	3,600
external public address system (includes 3 roof-mounted speakers, \$300; elec. labor, \$500; conduit installation, \$2,000)	2,800
SUBTOTAL	178,000

page 3

50	operator swivel arm chairs	\$ 15,000
100	folding chairs	2,000
2	couches	1,200
	answering machine system	500
30	waste paper baskets	150
5	regular wall clocks	100
5	military wall clocks	100
8	AM-FM battery operated radios	240
1	conference table	500
6	typewriter/computer tables	1,500
6	desk-high, two-drawer files	1,500
3	fire extinguishers (type 4, dry chemical, all purpose, class ABC)	90
4	side chairs	500
1	wooden costumer	80
1	double sided coatrack with casters	290
1	executive desk	440
1	credenza (includes hutch, S263)	725
1	executive chair	135
	SUBTOTAL	\$ 25,050
	contingencies (5 percent)	10,150
	<u>GRANDTOTAL</u>	\$ 213,200

InterOffice Memo

To: Mr. Harvey Rose, Board of Supervisors
From: John W. Bitoff, Director OES
Date: April 30, 1993
Subject: Command Van Cellular Communications

Below is a description of cellular communications needed as a bare minimum to support operations of the Command Van. Every effort has been made to reduce costs associated with cellular communications while taking advantage of the flexibility offered by the system. The \$13,893 estimated for the command van includes the following:

TELLULAR CELL PHONE TRANSCEIVERS	2 EACH	\$2,200
----------------------------------	--------	---------

This element of the system permits on-board telephones to operate using cellular services as well as back up PBX PacBell or MITEL systems. This is a transparent service currently used by SFPD

REPLACE CURRENT OUTDATED CELLULAR TELEPHONES	2 EACH	\$2,509
--	--------	---------

PORTABLE COMMAND POST SYSTEM	1 EACH	\$8,495
------------------------------	--------	---------

5 EA. OKI 892 3WATT CELLS

5 EA REMOVABLE NI-CAD BATTERY PACKS

5 EA 12V DC CIG LIGHTER CORDS

5 EA 110V AC POWER ADAPTERS

5 EA SPARE NI-CD BATTERY PACKS

5 EA 110V AC BATTERY CHARGERS

1 EA MOTOROLA 3 WATT MOBILE CELL PHONE

1 EA AUTO ANSWER CELL INTERFACE

1 EA RJ-11 DATA PORT

1 EA NI-CAD BATTERY PACK AND INTERNAL CHARGER

1 EA 5Db MAG MOUNT ANTENNAE

1 EA 5 WATT HALOGEN LIGHT W/DIMMER SWITCH

PORTABLE FACSIMILE (Mitsubishi Access)	1 EACH	\$ 689
--	--------	--------

TOTAL		\$13893
-------	--	---------

CC:

Item 5 - File 190-93-2

Department: Department of Parking and Traffic (DPT)

Item: Resolution approving a gift of funds from the Department of Parking and Traffic to the Names Project

Amount: Not to exceed \$50

Source of Funds: Parking Meter Revenues - DPT

Description: The proposed resolution would approve a gift of foreign coins deposited in parking meters to go from the DPT to the Names Project through a locally organized group of volunteers. The Names Project is an AIDS awareness group headquartered in San Francisco which began the renowned Quilt Project in which each square of the quilt represents the name of an individual who has died from AIDS.

The DPT reports that in the course of counting parking meter revenues, American coins must be segregated from foreign coins and non-coins (such as slugs and tokens) that have been deposited in parking meters. Banks handling the City's funds will not accept foreign coins. The DPT advises that the process of sorting, counting and converting foreign coins to American currency is not cost effective (see Comment No. 2).

According to the DPT, a local business owner has organized a volunteer effort to convert these foreign coins into American currency and to donate the proceeds to the Names Project.

Comments:

1. Ms. Jocelyn Kane of the DPT reports that American coins, foreign coins, and non-coins collected from parking meters are delivered to a MUNI counting room where the collected materials are placed in large bins. Ms. Kane advises that large, non-coins are manually removed from the bins, as these items would destroy the automated counting machines which sort American coins from the foreign coins and non-coins collected. Ms. Kane advises that in the past, DPT melted down all remaining foreign coins and non-coins, in order to recycle the metals and to destroy the other materials, but stopped this practice because it was not cost effective. The DPT is pleased that the volunteer group has expressed interest in converting the foreign coins to American currency to benefit the Names Project.

2. Ms. Kane reports that the DPT gave the volunteers approximately 40 pounds of parking meter foreign coins and non-coins to determine how long it would take them to sort

BOARD OF SUPERVISORS
BUDGET ANALYST

through the materials looking for foreign coins and how much they could collect from these coins. Ms. Kane advises that it took the group of volunteers 17-1/2 hours to sort through the 40 pounds of materials (which, was collected in an approximately two month period) looking for foreign coins. Ms. Kane states that the amount of foreign coins found, when converted to American currency, yielded a total of approximately \$50. Ms. Kane reports that paying DPT staff for 17-1/2 hours of work would cost more than the approximately \$50 generated in revenues. Ms. Kane advises that after the group collects the foreign coins, the remaining non-coins would be recycled.

Recommendation: Approve the proposed resolution.

Item 6 - File 209-93-1

Department: Academy of Sciences

Item: Resolution approving the Academy of Sciences admission fee increases with respect to buildings under its control.

Description: The Academy of Sciences is proposing to increase its public admission fee schedule for individual and non-profit/school group rates for children (ages 6-11), youths (ages 12-17), adults (ages 18-64) and Seniors (over age 64). The fee increases are being proposed to help offset the increasing costs to operate the Academy. Pursuant to Charter Section 6.411, any increase in the Academy's public admission fees are subject to approval by the Board of Supervisors.

The Academy's current admission fee schedule and proposed admission fee schedule are outlined below:

	<u>Current Fee</u>	<u>Proposed Fee</u>	<u>Proposed Increase</u>	<u>Percentage Increase</u>
<u>Individual Rates - Per Person</u>				
Children (6-11)	\$1.00	\$1.50	\$0.50	50
Youths (12-17)	3.00	4.00	1.00	33
Adults (18-64)	6.00	7.00	1.00	17
Seniors (over 64)	3.00	4.00	1.00	33

Non-Profit/School Group Rates -Per Person

Children (6-11)	\$0.50	\$1.50	\$1.00	200
Youths (12-17)	1.00	2.00	1.00	100
Adults (18-64)	3.00	4.00	1.00	33
Seniors (over 64)	2.50	3.00	0.50	20

The proposed fee schedule would take effect June 1, 1993.

Under the current admission fee schedule, the following individuals and groups are provided admission to the Academy without charge:

1. All persons on the first Wednesday of each month;
2. All children under the age of 6;
3. All organized San Francisco school groups;
4. All persons who are members of the Academy; and
5. Scientists and other guests as may be determined by the Academy.

The Academy is not proposing any changes in the categories of individuals and groups noted above that are currently admitted without charge.

Comments:

1. Ms. Chris Kibre of the Academy of Sciences reports that the total admission fee revenue collected for FY 1991-92 was \$3,274,544. Ms. Kibre advises that the admission fee revenue collected for FY 1992-93, as of March 31, 1993, totals \$2,117,938. Based on prior experience, the Academy projects that a total of \$2,840,250 in admission fee revenue will be collected in FY 1992-93. This \$2,840,250 projected revenue amount is \$434,294 or 13 percent less than the \$3,274,544 revenue amount collected in FY 1991-92. According to Ms. Kibre, the Academy estimates, assuming no drop in attendance, that the proposed increases in admission fees will generate an additional \$600,850 in revenue annually for total estimated annual admission fee revenues of \$3,441,100. Ms. Kibre advises that the Academy believes, based on prior experience, that the level of attendance will remain relatively constant in FY 1993-94, even with the proposed fee increases, providing that there is no significant downturn in the economy.

2. Mr. John McCosker of the Academy of Sciences reports that the Academy's proposed operating budget for FY 1993-94 totals \$12,800,000. Mr. McCosker advises that the Academy's current projected revenues for FY 1993-94, if the proposed fee increases are approved and take effect on June 1, 1993, total \$11,688,000, which would result in a budgetary shortfall of \$1,112,000. Mr. McCosker states that the Academy tentatively plans to use its private endowment funds to pay for this projected shortfall. The total estimated Academy revenues of \$11,688,000 for Fiscal Year 1993-94, in addition to the admission fees, includes such items as membership fees, General Fund monies, income generated from the gift shop and restaurant, grants and corporate and individual contributions. Under the proposed 1993-94 budget, it is estimated that the General Fund would provide \$1,331,000 or approximately 10 percent of the projected \$12,800,000 in the Academy of Sciences' 1993-94 budget.

Recommendation: Approval of the proposed resolution to increase the admission fees for individuals and groups at the Academy of Sciences, from 17 percent to 200 percent, is a policy matter for the Board of Supervisors.

Items 7, 8 and 9 - Files 97-93-21, 97-93-22 and 115-93-4

Department: City Planning

Items: Item 7 - Ordinance amending Administrative Code by amending Section 31.46A to increase fees, add new fees and extend the operative date through 1995 concerning environmental impact reports and negative declarations and amending Section 31.46 to be operative January 1, 1996, in order to revert to the current fee schedule should a sunset provision in the proposed ordinance be implemented (File 97-93-21).

Item 8 - Ordinance amending Administrative Code by amending Chapter 10F.1 concerning the previously approved surcharge to recover costs for acquiring office space at 1660 Mission Street, for section numbers to conform to new legislation (File 97-93-22).

Item 9 - Ordinance amending City Planning Code by repealing existing Article 3.5A and enacting new Article 3.5A to reorganize the article, impose new fees, change the amount of fees currently charged relating to Department of City Planning actions, activities and services and extend the operative date through 1995 and by amending Article 3.5 to be operative January 1, 1996, in order to revert to the current fee schedule should a sunset provision be implemented (File 115-93-4).

Purpose: The Department of City Planning provides certain planning services to the public for which cost recovery is made in order to reduce dependence on the General Fund for those planning services and to provide levels of service that would not be possible under General Fund support levels. Currently, the Department recovers approximately 72 percent of its costs for development projects and permit processing services and is requesting to increase its cost recovery for those services to achieve 100 percent of its costs for the applications processing activities of the Department. In addition, the Department is proposing to allocate ongoing fee applications to a broader spectrum of planning activities and to replace a current computer acquisition surcharge of 7.4 percent that expires on June 30, 1993, with an 8.0 percent one-year surcharge for computer acquisitions.

Description: The proposed ordinance (File 97-93-21) would amend the San Francisco Administrative Code by substituting a new set of fees in Section 31.46A, which would introduce new fees and increase existing fees for environmental reviews performed by the Department of City Planning. However, in the absence of positive action by the Board of Supervisors, Section 31.46A would cease to be effective on December 31, 1995, and fees

charged for environmental reviews would revert to those currently in existence, as contained in Section 31.46, on January 1, 1996 (sunset clause). Fees for these services performed by the Department of City Planning were last increased in July of 1991, not including an additional fee of \$125 for an "initial evaluation of a development project" that was established in November of 1992 in order to compensate the Department for zoning and public information, and construction services, related to development projects and permit processing. Development projects are defined as projects that alter the use of land or structures thereon and may range in construction value from less than \$10,000 to more than \$100,000,000. The proposed amendments would add new fees and increase existing fees as shown in Attachment 1. As noted in the Attachment 1, fees would be increased from 0 percent to 216.7 percent.

The proposed ordinance (File 97-93-21) contains a provision that would exempt indigent persons from paying fees specified for an appeal to the City Planning Commission, provided that the person seeking the exemption demonstrates to the Zoning Administrator that he or she is substantially affected by the proposed project. The type of projects included in this indigent person provision are negative declarations, determinations that environmental impact reports are required, and the listing of non-physical and ministerial projects.

The proposed ordinance (File 97-93-22) would amend Section 10F.1. of the Administrative Code to conform the Section numbers referenced in Section 10F.1. to the companion new legislation contained in this report (Files 97-93-21 and 115-93-4). Section 10F.1., adopted by the Board of Supervisors in November of 1992 (File 97-92-61), provides for a fee surcharge, effective July 1, 1993, on certain building and planning applications in order to recover costs for acquiring office space at 1660 Mission Street. That office space will consolidate employees of the Planning Department, the Bureau of Building Inspection, and elements of the Department of Public Works, the Fire Department, and the Department of Public Health, beginning in 1994.

The proposed ordinance (File 115-93-4) would amend various sections of the Planning Code by substituting a new set of fees in Section 3.5A, which would introduce new fees and increase existing fees charged for services performed by the Department of City Planning. However, in the absence of positive action by the Board of Supervisors, Section 3.5A would cease to be effective on December 31, 1995, and fees charged for planning services would revert to those currently in existence, as contained in Section 3.5, on January 1, 1996 (sunset clause). Fees for these services performed by the

Department of City Planning were last increased in July of 1991, not including an additional fee of \$125 that was imposed on certain planning applications in order to compensate the Department for zoning and public information, construction services, and compliance activities related to development projects and permit processing.

The proposed amendment (File 115-93-4) would add new fees and increase existing fees as shown beginning on page four of Attachment 2, which is a summary of the proposed fee increases provided the Budget Analyst by the Department of City Planning.

The proposed ordinance (File 115-93-4) contains a provision that would exempt indigent persons from paying fees for a Discretionary Review of a permit application to the City Planning Commission.

Under Attachment 2, fees would be increased by 4.7 percent (Miscellaneous Permits) to 433 percent (Discretionary Review). The various fees shown in Attachment 2 include the following elements for each fee, unless otherwise noted:

Base Fee presently contained in the Planning Code

An Information Counter and Construction Services
Center Charge of \$125

A Computer Maintenance Surcharge of 8.6 percent

An example of the composition of the fees built into the proposed fee schedule and depicted in Attachment 2, using a proposed fee for a building permit review that would compute to \$1,211, is as follows:

Base Fee	\$1,000
Information Center Charge (Flat rate of \$125)	125
Computer <u>Maintenance</u> Surcharge @8.6%	86
Total Fee Computed from Fee Schedule	\$1,211

Not included in the fee schedule shown in Attachment 2 but included in the proposed legislation is a Computer Acquisition Surcharge of 8.0 percent that would replace an existing Computer Acquisition Surcharge of 7.4 percent that expires on June 30, 1993. The Computer Acquisition Surcharge of 8.0 percent would be applied to the Base Fee. Thus, continuing the example above, a Computer Acquisition Surcharge of \$80 (\$1,000 x .08) would be added to the Total Fee Computed from Fee Schedule to yield a total fee of \$1,291 (\$1,211 Base Fee plus \$80 Computer Acquisition Surcharge).

The Department of City Planning estimates that the proposed fee increases will increase revenues in FY 1993-94 by approximately \$1,309,357, from \$3,619,143 to \$4,928,500, or by approximately 36.2 percent. The estimated annual revenue increase of \$1,309,357 includes approximately \$358,000 in revenue from the proposed 8.0 percent surcharge for the acquisition of computers. This surcharge will last for one year only and is to be used to purchase the computer equipment shown in Attachment 3.

The table shown below entitled "Comparison of Revenues with Expenditures" shows the Department's estimate of the effect on revenues of the proposed new fees and fee increases pertaining to File Nos. 97-93-21 and 115-93-4. The Department anticipates that the proposed fees would provide the revenues necessary to maintain, and in certain instances increase, the amount of staffing dedicated to applications processing and other current planning services by adding 6.5 new positions and by filling positions that are currently vacant. According to the Department, such resources would enable the Department to meet its performance goals and maintain or improve its current performance levels in permit and application processing. Those performance goals and an assessment of current actual performance levels are shown in Attachment 2, beginning on page 2. Attachment 4 is a listing provided by the Department showing vacant positions that would be filled and 6.5 new positions that are included in the Department's FY 1993-94 budget. The 6.5 positions would cost an estimated \$385,955 including fringe benefits.

Actual and estimated revenues and costs of the Department's Implementation Division operations for FY 1991-92, FY 1992-93, and FY 1993-94 are summarized as follows:

	Comparison of Revenues With Expenditures		
	FY 1991-92 Actual Based <u>on Existing fees</u>	FY 1992-93 Estimated Based <u>on Existing fees</u>	FY 1993-94 Estimated Based <u>on Proposed Fee increases</u>
Fee Revenues	\$2,501,947	\$3,619,143	\$4,928,500
Implementation Division Costs	<u>3,665,377</u>	<u>4,397,500</u>	<u>5,359,268</u>
Excess of Costs over Revenues	(\$1,163,430)	(\$778,357)	(\$430,768)

As the table above shows, the estimated revenues for FY 1993-94, which take into account these proposed new fees and fee increases, will not cover the Department's estimated costs. However, the Implementation Division cost figures of \$4,397,500 and \$5,001,268 for FY 1992-93 and FY 1993-94, respectively, include all Divisional overhead and the Implementation Division's allocation of Department overhead. The FY 1991-92 cost figure of \$3,665,377 only includes the overhead of the Implementation Division. According to Ms. Martha Kessler of the Department of City Planning, the Department has developed a direct costing system that facilitates collecting costs for all Divisional costs, including all overhead costs, so that information may be obtained for decision making as it relates to fees and costs. The shortfalls shown in the table are covered by the General Fund.

Attachment 2 to this report beginning on page 5 provides information on expenditures, revenues, current shortfall, sources of additional revenue, and the fee schedule required to produce that revenue for each of the major type of application or service provided by the Implementation Division. A summary of the information included in Attachment 2 beginning on page 5 is as follows:

<u>Type Application or Service</u>	<u>Revenue w/o Fee Increase</u>	<u>Expenditures</u>	<u>Current Shortfall</u>	<u>Proposed Revenues</u>
Building Permits	\$1,947,000	\$ 2,298,000	\$351,000	\$350,000
Conditional Uses/ Commission Cases	722,000	815,000	93,000	93,000
Variances	161,000	294,000	133,000	131,500
Discretionary Reviews	11,000	317,000	306,000	116,000*
Zoning Reclassifi- cations	3,000	34,000	31,000	4,000
Environmental Reviews	582,000	777,000	195,000	195,000
Miscellaneous Permits	63,000	72,000	9,000	3,000
Transportation Reviews	-	189,000	189,000	189,000
Total	\$3,489,000**	\$4,796,000	\$1,307,000	\$1,081,500**

*\$26,000 for Discretionary Reviews and \$90,000 for Interim Controls Special Reviews.

** \$3,489,000 plus \$1,081,500 plus \$358,000 for computer equipment (see Attachment 3) equals \$4,298,500 shown above.

The proposed legislation would require that the Planning Commission conduct public hearings at the end of FY 1992-93, FY 1993-94, and FY 1994-95 to review whether the level of services provided by the Department of City Planning are as

contemplated under the proposed legislation. The Planning Commission would determine at its public hearing at the end of FY 1994-95 whether to initiate an ordinance to extend or to otherwise modify the fees related to the Department's application processes that are contained in the subject proposed legislation. The Planning Commission would provide a report on results of the public hearing with recommendations on its findings to the Board of Supervisors, within one month of the date of the public hearing.

Comments:

1. The Electronic Information Processing Steering Committee (EIPSC) has reviewed and approved the Department's Three Year Information System Master Plan, which includes the computer equipment associated with this proposed legislation.

2. The Budget Analyst has reviewed additional budgetary information provided by the Department of City Planning. Based on those reviews, we conclude that, based on a positive economy, the Department's estimate of revenues that would be generated by the proposed new fees, fee increases, and surcharges are reasonable.

Recommendation: The decision of whether to impose new fees and increase existing fees from 0 to 433 percent, which would increase total application revenues by approximately 36.2 percent, effective July 1, 1993, generating an estimated \$1,309,357 annually, in order to (a) maintain or improve current performance levels in permit and application processing, (b) fund 6.5 new positions costing \$385,958 in Fiscal Year 1993-94, and (c) pay for the acquisition of computer equipment, is a policy matter for the Board of Supervisors.

Reevaluation of a Modified Each Request
 Project for which a Negative
 Declaration has been Pre-
 pared

Certificate of Exemption
 from Environmental
 Review

Letter of Exemption from
 Environmental Review

Computer analysis of
 Shadow Effects

Monitoring environmental
 mitigation measures

Each Certificate

Each Letter

Each Project so Requiring

Each Project

1/3 of Full
 Cost of an
 Initial Eval-
 uation of
 a Project*

\$100 \$150

50 75

5,000 5,000

Cost of
 time and
 materials
 Cost of
 time and
 materials

* Plus Time and
 Materials for any
 excess of that amount.

50

50

0 Minimum, plus the
 cost of any Time and
 Material Costs in
 excess of Minimum
 Costs

0

<u>Type of Review</u>	<u>Basis of Fee</u>	<u>Examples of Basis Amount</u>	<u>Existing Fee</u>	<u>Proposed Fee</u>	<u>Percentage Change</u>	<u>Remarks</u>
<u>Type of Review</u>	<u>Basis of Fee</u>	<u>Examples of Basis Amount</u>	<u>Existing Fee</u>	<u>Proposed Fee</u>	<u>Percentage Change</u>	<u>Remarks</u>
Initial evaluation of a project	Construction Cost	\$10,000	\$ 300	\$950	216.7	For projects where there are no construction costs, the cost would be \$950 plus time and materials in excess of \$950.
		100,000	570	1,319	131.4	
		500,000	1,560	2,660	70.5	
		10,000,000	19,810	27,647	39.6	
		100,000,000	38,810	53,189	37.1	
Environmental Impact Report	Construction cost	150,000	11,000	16,000	45.4	For projects less than \$200,000, the amounts of \$11,000 and \$16,000 are for each 200 staff-hours or fraction thereof.
		950,000	13,100	19,000	45.0	
		15,000,000	34,090	49,014	43.8	
		75,000,000	54,340	77,828	43.2	
		100,000,000	59,340	84,554	42.5	

Appeal to the City Planning Commission Each Appeal

\$75 \$200

166.7

An additional fee would be paid by the project sponsor based on the time and materials the Department expends in responding to the appeal, not to exceed the cost of the "initial evaluation of a project," as set forth above.

Copy of an Environmental Impact Report (EIR) Each Request

0

Where Section 31.46 does not require sending the document to the person requesting it, actual cost of reproduction.

37

Preparation of an addendum to an Environmental Impact Report that has been Previously Certified Each Request

1/3 of Full EIR Cost
1/3 of Full EIR Cost, Plus Time & Materials in Excess

Preparation of a supplement to a Draft or Certified Final EIR Each Request

1/3 of Full EIR Cost*
1/2 of Full EIR Cost, Plus Time & Materials in Excess

*Current cost is for a supplement to an EIR that has not been previously certified.

Preparation of a subsequent Environmental Impact Report Each Request

Full Cost of an EIR, as set forth above
2/3 of Full EIR Cost,

April 19, 1993

**BACKGROUND AND SUMMARY—
PROPOSAL TO AMEND FEE ORDINANCES
RELATING TO DEPARTMENT OF CITY PLANNING**

The City Planning Commission at its meeting of April 15, 1993 under Resolution No. 13502 approved the modification of existing fees, establishment of new fees and continuation of certain surcharges, for consideration by the Board of Supervisors. Planning Commission Resolution No. 13502, April 15, 1993, endorsed proposed amendments to the City Planning Code and Administrative Code.

Revenues associated with these fee adjustments will provide sufficient staff resources to meet performance level targets contained in the Department's work program. They will also achieve full cost recovery for the applications processing activities of the Department of City Planning. Fee are reduced for permit applications with the lowest construction costs.

The fee package is a part of the Department's budget for FY 1993-94, serving to cover costs for various existing and proposed new services (attached).

The fees ordinances are as follows:

- The Planning Fees ordinance increases and adds fees, and redrafts the fee portions of the City Planning Code for conciseness and simplicity. Fees are alphabetized and set forth in logical groupings. Duplicative and unnecessary text has been eliminated. Ongoing fee surcharges (1992's \$125 construction services center and information counter surcharge and 1991's 8.6% computer maintenance surcharge) have been consolidated within base fee schedules.
- The Environmental Review Fees ordinance increases, adjusts and adds fees. Ongoing fee surcharges again have been consolidated within base fee schedules.
- The third ordinance amends the Administrative Code to maintain correspondence between referenced sections within the City Planning Code and elsewhere within the Administrative Code with respect to the fee surcharge for 1660 Mission Street enacted last fall, effective July 1, 1993.

RELATIONSHIP TO THE DEPARTMENT'S PERFORMANCE GOALS

The proposed fees would provide the revenues necessary to maintain and in certain instances increase the amount of staffing associated with applications processing and other current planning services. This would enable the

Department to meet its performance goals and maintain or improve its current performance levels in permit and application processing.

The fees would also enable the Department to provide new or expanded services in policy and code review and interpretation, design guidelines and building massing recommendations, and the Neighborhood Commercial Amnesty Program.

Performance goals are shown in **bold** below, followed by the current performance levels.

Building & Special Permits—initiate review within five days: goal currently met

Citywide Conditional Uses—Commission hearing within three months: currently about 3.5 months

Neighborhood Commercial Conditional Uses—Commission hearing within two months: currently about three months

Zoning Reclassifications—Commission hearing within three months: currently about four months

Discretionary Review—Commission hearing within three months: goal currently met

Variance—issue decision letter within three months: currently about 3.5 months

Certificates of Appropriateness and Proposition M Preservation Review—decision within two months: currently about 2.5 months

Condominiums/Subdivisions—complete within one month: currently about 1.5 months

Categorical Exemptions from environmental review—issue within two days: currently about two weeks

General Rule Exclusions from environmental review—issue within five weeks: goal currently met

Negative Declarations—issue preliminary negative declaration within four months: currently about five months

Environmental Impact Reports—certify Final E.I.R.'s within 12 months: met for about 20% (one of five EIRs in 12 month period).

Information Counter—expand Counter hours to eight hours daily: currently six hours daily

**Construction Services Center—provide service 8 to 5 daily: goal
currently met**

SUMMARY OF PROPOSED FEE ORDINANCE

Key features of the ordinance are described below. In this summary, the term "initial fee" is used to indicate the fee for projects with the lowest level construction costs. The term "percentage fee" is used for that component of the fee which is computed as a percentage of the project's construction cost, and has the effect of raising the fee above the "initial fee" amount.

This memorandum shows current fees as including the \$125 Construction Services Center and Zoning Information Counter surcharge, and the 8.6% computer maintenance surcharge, but not a 7.4% computer equipment surcharge expiring July 1, 1993, proposed to be replaced by a similar 8% surcharge. The fees also do not include a 1660 Mission Street Acquisition surcharge commencing at 3% on July 1, 1993.

General Features Of Proposed Fees

- The \$125 construction services center and information counter surcharge is added to Downtown projects (Sections 309 and 321), Permits to Alter (non-minor), Landmarks and Historic Districts, Significant or Contributory Buildings, Conservation Districts, Certificates of Appropriateness and Discretionary Reviews.
 - The 8.6% computer maintenance surcharge is added as a percentage fee to Downtown projects (Section 321), the Neighborhood Commercial Amnesty (Section 179) fees, and various information and analysis fees (Section 365).
 - Staff hours are consistently set forth as equivalent to \$55 an hour (this includes fringe benefits and overhead), and work beyond specified hour limits are charged as time and materials (T&M).
- * A December 31, 1995 sunset clause is established for the proposed fees, replacing the current sunset clause date of December 31, 1993.

Fee Relationship To Applications Processing Cost Recovery

Specific fee adjustments, in addition to the general features described above, are presented below. Anticipated revenues associated with the proposed new fees are listed, followed by descriptions of the specific fees. Proposed fees total \$1,460,000 including a \$360,000 one year surcharge for acquiring computers. Revenues are not projected for certain fee areas where nil or minimal revenues are anticipated (in such situations fees modifications are to address shortcomings of the present pricing structure rather than direct factors in revenue generation).

Specific Fee Adjustments and Associated Revenues

1. Building Permits (Plan Checking, Information Counter, Construction Services Center, Code Enforcement)—Expenditures \$2,298,000; Revenues \$1,947,000; Current Shortfall \$351,000

a) Building Permit Applications	\$198,000
b) Building Permits with verified Planning Code Violations	\$58,000
c) Building Permit Applications with No Construction Costs	—
d) Sign Permit Applications	\$7,000
e) Demolition Permit Applications	\$5,000
f) Building Permit Application Back-Checks	\$12,000
g) Design Guidelines and Building Massing Recommendations	\$8,000
h) Notice of Special Restrictions	\$62,000
Total Projected Additional Revenue: \$350,000	

Fee Adjustment

- a) Building Permit Application fees reduce the initial fee for the lowest-construction-cost projects from \$190 to \$90, and increase the fee by \$100 or more for projects with construction costs above \$5,000 (about \$900 more for projects with a construction cost of \$10,000,000).

<u>Estimated Construction Cost</u>	<u>Fee</u>
\$500 or less	\$90
\$501 to \$999	\$90 plus 10% of cost over \$500
\$1000 to 1999	\$140 plus 6% of cost over \$1000
\$2000 to \$4999	\$200 plus 3% of cost over \$2000
\$5000 to \$9999	\$290 plus 1% of cost over \$5000
\$10,000 to \$199,999	\$340 plus .2% of cost over \$10,000
\$200,000 to \$4,999,999	\$720 plus .17% of cost over \$200,000
\$5,000,000 to \$9,999,999	\$8870 plus .15% of cost over \$5,000,000
\$10,000,000 or more	\$16,370 plus .14% of cost over \$10,000,000

- b) Projects with verified Planning Code Violations are subject to T&M for work beyond that covered by the original fee payment, not to exceed five times that payment. This is to apply when the applicant fails to fully respond to application requirements per a notice of incomplete application citing the code violations. This reflects the additional time required in such situations while giving the applicant incentive to actively address the violation.
- c) Projects with no Construction Costs are subject to T&M for work beyond that covered by the initial fee payment.
- d) Sign Permit Application fees increase from by \$9 to \$90, compared to \$81 at present.
- e) Demolition Permit Application fees increase by \$58 to \$400 for buildings not requiring Landmarks Preservation Advisory Board Review, compared

to \$342 at present; the fee for demolitions requiring Landmarks Board review increases to \$550 plus T&M for work beyond the first ten hours.

- f) A Building Permit Application Back-Check fee is established for projects where the applicant changes the project, at \$55 plus T&M beyond the first hour of staff time.
- g) A Design Guidelines and Building Massing Recommendations fee is established for requests for such services, at \$110 plus T&M beyond the first two hours of staff time.
- h) Notice of Special Restrictions fees increase by \$10 to \$60 compared to \$50 at present, and are broadened to include all such notices.

**2. Conditional Uses/Commission Cases—Expenditures \$815,000;
Revenues \$722,000; Current Shortfall \$93,000**

a) Conditional Uses	\$76,000
b) Conditional Uses with verified Planning Code Violations	\$4,000
c) Conditional Uses with No Construction Costs	—
d) Certificates of Appropriateness	\$4,500
e) Permits to Alter (non-minor)	\$500
f) Landmarks, Hist. & Conserv. Districts, Signif. or Contrib. Buildings	\$1,000
g) Institutional Master Plans	\$4,000
h) Project Review—Policy and Code Review and Interpretations	\$3,000
i) Master Plan Referrals	—
j) Redevelopment Plan Reviews	—
Total Projected Additional Revenue: \$93,000	

Fee Adjustment

- a) Conditional Use fees for:
 - projects with a construction cost below \$10,000 increase by \$122 to \$600, compared to \$478 at present, and the percentage fee increases by 10%
 - projects with a construction cost above \$10,000 increase by \$180 to \$700, compared to \$570 at present, and the percentage fee increases by 10%
 - Planned Unit Developments are subject to T&M for work beyond that covered by the original fee payment, not to exceed twice that payment.
 - minor project modifications requiring a public hearing to amend previous conditions of approval are set at \$750 plus T&M for work beyond that covered by the original fee payment
- b) Projects with verified Planning Code Violations are subject to T&M for work beyond that covered by the original fee payment, not to exceed five times that payment. This is to apply when the applicant fails to fully respond to application requirements per a notice of incomplete application citing the code violations. This reflects the additional time required in

such situations while giving the applicant incentive to actively address the violation.

- c) Projects with no Construction Costs are subject to T&M for work beyond that covered by the initial fee payment.
- d) Certificates of Appropriateness fees:
 - for projects with a construction cost below \$1,000 increase by \$21 (and the \$125 surcharge) to \$200, compared to \$54 at present, and the percentage fee increases by 10%.
 - for projects with a construction cost between \$1,000 and \$10,000 increase by \$58 (and the \$125 surcharge) to \$400, compared to \$217 at present, and the percentage fee increases by 10%.
 - for projects with a construction cost above \$10,000, the fee increases by \$180 (and the \$125 surcharge) to \$750, compared to \$445 at present, and the percentage fee increases by 10%.
- e) Permits to Alter (non-minor) fees increase by \$21 (and the \$125 surcharge) to \$200, compared to \$54 at present, and the percentage fee increases by 10%.
- f) Landmark (\$234 to \$250), Historic District (\$397 to \$400), Significant or Contributory Buildings (\$668 to \$670) and Conservation Districts (\$668 to \$670) have minor increases ranging from \$2 to \$16 (this includes adding the \$125 surcharge discussed above).
- g) Institutional Master Plan fees for:
 - full plans increase by \$4,289 to \$5,500 plus T&M beyond the first 100 staff hours, compared to \$1,211 at present
 - abbreviated plans increase by \$99 to \$550 plus T&M beyond the first 10 staff hours, compared to \$451 at present.
- h) A Project Review—Policy and Code Review and Interpretation fee is established for projects for which a planning application has not been filed, at \$110 plus T&M beyond the first two hours of staff time.
- i) Master Plan Referral fees increase by \$1 to \$110 plus T&M beyond the first two hours of staff time, and the fixed charge for public hearings is deleted.
- j) A Redevelopment Plan Review fee is established based upon a budget developed by the Director in consultation with the Redevelopment Agency.

3. Variances—Expenditures \$294,000; Revenues \$161,000; Current Shortfall \$131,000

a) <i>Variances (base)</i>	\$84,000
b) <i>Variances (T&M)</i>	\$27,500
c) <i>Variances with verified Planning Code Violations</i>	\$20,000

d) *Variances with No Construction Costs*

Total Projected Additional Revenue: \$131,500

Fee Adjustment

- a) Variance fees increase by \$332 for initial fee of **\$1,000**, compared to \$668 at present, and the percentage fee increases by 50%;
- b) Variances are subject to **T&M** for work beyond that covered by the original fee payment, not to exceed twice that payment.
- c) Projects with verified Planning Code Violations are subject to **T&M** for work beyond that covered by the original fee payment, not to exceed five times that payment. This is to apply when the applicant fails to fully respond to application requirements per a notice of incomplete application citing the code violations. This reflects the additional time required in such situations while giving the applicant incentive to actively address the violation.
- d) Projects with no Construction Costs are subject to **T&M** for work beyond that covered by the initial fee payment.

4. Discretionary Reviews—Expenditures \$317,000; Revenues \$11,000; Current Shortfall \$307,000

- a) *Discretionary Review* \$26,000
 - b) *Interim Controls Special Review Procedures* \$90,000
- Total Projected Additional Revenue: \$116,000**

Fee Adjustment

- a) Discretionary Review fees increase by \$194 (and the \$125 surcharge) to **\$400**, compared to \$81 at present, and are also applied to requests for Bernal Heights design review by the Planning Commission
- b) A Special Review Procedures fee is established at **\$275** for projects requiring review under special review procedures established by the City Planning Commission pursuant to interim controls

5. Zoning Reclassifications—Expenditures \$34,000; Revenues \$3,000; Current Shortfall \$31,000

- a) *Reclassifications* \$3,500
 - b) *Reclassifications with verified Planning Code Violations* \$500
 - c) *Setbacks*
- Total Projected Additional Revenue: \$4,000**

Fee Adjustment

- a) Reclassification fees increase from \$1,211 (plus \$250 for each additional block) to **\$3,000** (plus **\$600** for each additional block).
- b) Projects with verified Planning Code Violations are subject to T&M for work beyond that covered by the original fee payment, not to exceed five times that payment. This is to apply when the applicant fails to fully respond to application requirements per a notice of incomplete application citing the code violations. This reflects the additional time required in such situations while giving the applicant incentive to actively address the violation.
- c) Setback fees increase by \$1,000 to **\$1,500**, compared to \$500 at present.

6. Environmental Reviews—Expenditures \$777,000; Revenues \$582,000; Current Shortfall \$195,000

a) <i>Certificate and Letters of Exemption from Environmental Review</i>	<i>\$2,000</i>
b) <i>Initial Evaluations</i>	<i>\$153,000</i>
c) <i>Environmental Impact Reports</i>	<i>\$39,000</i>
d) <i>Initial Evaluations and EIRs with No Construction Costs</i>	<i>—</i>
e) <i>EIR Supplements, Addendums and Subsequent EIRs</i>	<i>—</i>
f) <i>Negative Declaration Project Modification Reviews</i>	<i>—</i>
g) <i>Appeal of Environmental Determinations</i>	<i>—</i>
h) <i>Project Review—Policy and Code Review and Interpretations</i>	<i>\$1,000</i>
Total Projected Additional Revenue: \$195,000	

Fee Adjustment

- a) Certificate of Exemption from Environmental Review fees increase from \$100 to **\$150**; Letter of Exemption fees increase from \$50 to **\$75**.
- b) Initial Evaluation fees increase by \$449 to **\$950**, compared to \$451 at present, and the percentage fee increases by 26%.
- c) Environmental Impact Report (EIR) fees increase by \$4,054 to **\$16,000**, compared to \$11,946 at present, and the percentage fee increases by 31%.
- d) Projects with no Construction Costs are subject to T&M for work beyond that covered by the initial fee payment.
- e) EIR Supplement fees are set at **1/2** the fee that would be required for a full EIR, rather than 1/3 or 2/3 the fee for a Draft or Final EIR, respectively, and T&M is added for work beyond that covered by the original fee payment.

A Subsequent EIR fee is established at **2/3** the fee that would be required for a full EIR.

An EIR Addendum fee is established at 1/3 the fee that would be required for a full EIR (replacing the EIR Amendment fee).

- f) A Negative Declaration Project Modification Review Fee is established at 1/3 the fee that would be required for an initial evaluation, plus T&M for work beyond that covered by the original fee payment, for situations where no new environmental document is required.
- g) Appeal of Environmental Determination fees increase by \$125 to \$200, compared to \$75 at present.
- h) A Project Review—Policy and Code Review and Interpretation fee (See Conditional Uses, item (h))

7. Miscellaneous Permits—Expenditures \$72,000; Revenues \$63,000; Current Shortfall \$9,000

- a) *Police, Fire and Health Permit Applications* \$3,000
Total Projected Additional Revenue: \$3,000

Fee Adjustment

- a) Police, Fire and Health Permit Application fees increase by \$2 to \$45.

8. Transportation Reviews—Expenditures \$189,000; Revenues \$000; Current Shortfall \$189,000

- a) *Transportation Reviews* \$189,000
Total Projected Additional Revenue: \$189,000

Fee Adjustment

- a) A Transportation Review fee is established at \$110 for initial screening and \$4,400 for review of transportation studies, plus T&M beyond the first 80 hours of staff time.

9. Other

- a) *Planning Commission Calendar Subscriptions* \$10,000
- b) *Computer Equipment Surcharge* \$358,000
- c) *Zoning Administrator Written Determination* \$5,500
- d) *Project Notifications* \$5,500
Total Projected Additional Revenue: \$379,000

Fee Adjustment

- a) A Planning Commission Calendar Subscription Fee is established at \$15 to cover the costs of postage.

- b) A new one-year computer equipment surcharge of 8% replaces a comparable 7.4% surcharge that expires July 1.
- c) A Zoning Administrator written determinations fee for work pursuant to Section 307(a) is established at **\$55 plus T&M** beyond the first two hours of staff time.
- d) A Project Notifications fee is established at **\$25** per annum for the first address or lot, and **\$10** per annum for addresses in each subsequent block, for individuals and organizations who request special notification of development applications on specific properties

Item Description	No.	Unit Price	Tax Mult. %	Taxed Unit Price	Total Cost Full Order Incl. Tax
ORDER 93-1					
HP Laserjet 4Si MX 17pg 600dpi (ethernet-TP connection)	3	\$3,950	1.085	\$4,286	\$12,857
Novell Netware 4.0 (5-user)	1	\$800	1.085	\$868	\$868
Intel Ether Express Flash 16T	40	\$147	1.085	\$159	\$6,380
4MB SIMM memory chips 70ns	40	\$130	1.085	\$141	\$5,642
Seagate 43400N 3.4GB disk drive (11ms)	6	\$3,167	1.085	\$3,436	\$20,617
Spare Maxtor 7213A 213MB 13ms hard drives	3	\$329	1.085	\$357	\$1,071
NEC CDR-74 external CD-ROM drive	1	\$556	1.085	\$603	\$603
Synoptics System 3000S premises concentrator	2	\$3,995	1.085	\$4,335	\$8,669
Winchester FlashServer EISA disk controller	2	\$2,500	1.085	\$2,713	\$5,425
Synoptics Optivity for NetWare hub management sw	1	\$3,200	1.085	\$3,472	\$3,472
NETSprint/200 print server (3P, 1TP)	2	\$995	1.085	\$1,080	\$2,159
Smart-UPS 2000 for multiple servers	1	\$1,600	1.085	\$1,736	\$1,736
Shared Access Communication Server 386 & Lan modem	1	\$3,500	1.085	\$3,798	\$3,798
Intel EtherExpress EISA network interfaces card	4	\$599	1.085	\$650	\$2,600
MicroTest pair scanner kit	1	\$1,849	1.085	\$2,006	\$2,006
Adaptec 1742 disk controller	4	\$499	1.085	\$541	\$2,165
Patch cables level 5	200	\$5	1.085	\$5	\$1,085
Cisco 7000 Router	1	\$6,800	1.085	\$7,378	\$7,378
Castelle FAXpress 2-line fax server	1	\$2,900	1.085	\$3,147	\$3,147
Teac 3.5" diskette drive	5	\$65	1.085	\$71	\$353
Plan Checking Workstations					
Compaq 100 Mhz Pentium PCs	20	\$3,100	1.085	\$3,364	\$67,270
NEC Multisync 6FG 21" color monitor or equivalent	20	\$1,999	1.085	\$2,169	\$43,378
ATI Graphics Ultra Pro 2MB video adapter	20	\$489	1.085	\$531	\$10,611
Fast Ethernet or Fiber 100-Mbps network interface cards	20	\$800	1.085	\$868	\$17,360
Plan checking software	20	\$2,500	1.085	\$2,713	\$54,250
Network PCs					
Dell 486/66 DX2 8MB memory 170MB drives	23	\$2,929	1.085	\$3,178	\$73,093
					\$357,994

FUNDING BEYOND BASE FOR FY 93-94

Vacancies/Base 93-94

	Positions/Funding 93-94	Salary*	Fringe	Assignment
1408 Principal Clerk	Full	\$36,084	\$8,660	TX1820/Admin
1426 (Vice Dorazi)	Full	\$31,420	\$7,541	Implementation
1450 Exec. Secretary	Full	\$36,084	\$8,660	Long Range
5277 Planner I	Full	\$35,048	\$8,411	Counter/Variance
5281 Planner III-Admin	Full	\$50,294	\$12,071	Administration
5289 Planner III-Transit	Full	\$50,294	\$12,071	Implementation/LR
5292 Planner III-Zoning	Full	\$50,294	\$12,071	TX/ENV/Long Range
5298 Planner III-Environ	Full	\$50,294	\$12,071	Environ/Implement
Subtotal		\$339,812	\$81,556	

NEW POSITIONS FY 93-94

5288 Planner IV/Trans		\$42,494	\$10,198	Long Range
5282 Planner IV .5FTE		\$32,893	\$7,894	Implementation/CU
5288 Planner IV/Trans		\$42,494	\$10,198	Long Range
5298 Planner III-Environ		\$50,294	\$12,071	ENV/Long Range
5278 Planner II		\$42,494	\$10,198	ENV/Long Range
5292 Planner III-Zoning		\$50,294	\$12,071	Code Enforcement
5292 Planner III-Zoning		\$50,294	\$12,071	Code Simplification
Subtotal		\$311,257	\$74,701	

Total Salaries	\$651,069
Total Fringe	\$150,257
TOTAL	\$807,326

*Includes 4.5% Salary Standardization

ADDENDUM

Item 10 - File 101-92-60

Departments: Fire Department
Department of Public Works, Bureau of Architecture (BOA)

Item: Supplemental appropriation ordinance appropriating Series 1993D General Obligation bond funds for various capital improvement projects

Amount: \$15,307,533

Source of Funds: Proceeds of Fire Department Facilities Project bonds sold as Series 1993D in the total amount of \$16.6 million

Description: In November, 1992, the voters approved a General Obligation bond measure of \$40.8 million for the construction and reconstruction of Fire Department facilities, including seismic strengthening, asbestos abatement, disabled access and separate restroom facilities for male and female Firefighters.

The initial bond sale in the amount of \$16.6 million of Fire Department Facilities Improvement Bonds was designated for design and architectural services, engineering services, construction costs, Department of Public Works project management services and Fire Department administration of the bond program.

The proposed supplemental appropriation ordinance would appropriate \$15,307,533 of the \$16,600,000 proceeds from the initial bond sale for various facilities improvements including a) \$379,300 for Facilities Condition Monitoring improvements, b) \$14,178,143 for seismic strengthening, asbestos abatement, disabled access and separate restrooms improvements, c) \$420,000 for Bureau of Architecture project administration, d) \$117,090 for Fire Department project administration, e) \$100,000 for disruption expenses and f) \$113,000 for bond issuance costs and Real Estate Department services.

Facilities Condition Monitoring

The Fire Department conducted a survey of their immediate capital improvement requirements over and above seismic strengthening, asbestos abatement, disabled access and separate restrooms improvements. The survey is called the Facilities Condition Monitoring (FCM) survey. Based on the results of this FCM survey, the Fire

Department estimated the costs of immediate capital improvements according to a formula to determine the costs of such improvements as follows:

Station #3	\$5,500
Station #5	8,000
Station #6	12,000
Station #9	8,300
Station #10	7,300
Station #12	14,000
Station #13	9,300
Station #14	21,300
Station #16	6,700
Station #17	7,300
Station #18	27,000
Station #19	18,900
Station #20	8,300
Station #21	5,900
Station #22	6,100
Station #23	14,400
Station #25	10,000
Station #26	4,200
Station #28	5,700
Station #29	13,600
Station #32	4,500
Station #33	14,500
Station #34	17,500
Station #39	17,500
Station #41	12,600
Station #42	5,100
Station #43	8,300
Bureau of Equipment	36,500
Bureau of Training	6,000
Central Fire Alarm Station	37,700
Fire Boat Headquarters	<u>5,300</u>
Total FCM	<u>\$379,300</u>

Design, Architectural, Engineering and Construction Services for Seismic Strengthening, Asbestos Abatement, Disabled Access and Separate Restrooms Renovations

<u>Station #3</u>	
Architectural/engineering services	5,000
Construction	56,000

BOARD OF SUPERVISORS
BUDGET ANALYST

<u>Station #5</u>	
Architectural/engineering services	\$7,000
Construction	65,250
<u>Station #6</u>	
Architectural/engineering services	14,000
Construction	127,250
<u>Station #9</u>	
DPW programming/planning	8,000
Architectural/engineering services	149,000
Construction	489,700
<u>Station #10</u>	
DPW programming/planning	10,000
Architectural/engineering services	160,000
Construction	532,700
<u>Station #13</u>	
Architectural/engineering services	5,000
Construction	44,500
<u>Station #16</u>	
DPW programming/planning	9,000
Architectural/engineering services	139,000
Construction	452,300
<u>Station #17</u>	
DPW programming/planning	10,000
Architectural/engineering services	158,000
Construction	524,700
<u>Station #21</u>	
DPW programming/planning	3,000
Architectural/engineering services	43,000
Construction	141,100
<u>Station #22</u>	
Architectural/engineering services	5,000
Construction	42,125
<u>Station #23</u>	
DPW programming/planning	25,000
Architectural/engineering services	373,118
Construction	303,600

BOARD OF SUPERVISORS
BUDGET ANALYST

<u>Station #25</u>	
DPW programming/planning	\$41,000
Architectural/engineering services	584,000
Construction	1,972,000

<u>Station #26</u>	
DPW programming/planning	5,000
Architectural/engineering services	78,000
Construction	292,800

<u>Station #33</u>	
DPW programming/planning	6,000
Architectural/engineering services	87,000
Construction	293,500

<u>Station #39</u>	
DPW programming/planning	27,000
Architectural/engineering services	383,000
Construction	1,279,500

<u>Station #43</u>	
DPW programming/planning	8,000
Architectural/engineering services	156,700
Construction	550,000

<u>Bureau of Equipment</u>	
DPW programming/planning	46,000
Architectural/engineering services	673,500
Construction or acquisition of new property if located by Real Estate	2,270,500

<u>Central Fire Alarm Station</u>	
DPW programming/planning	50,000
Architectural/engineering services	486,000
Construction	926,300

<u>Fire Chief's Residence</u>	
DPW programming/planning	10,000

<u>Fire Boat Headquarters</u>	
Architectural/engineering services	5,000
Construction	<u>45,000</u>

Total Design, Architectural, Engineering and Construction	<u><u>\$14,178,143</u></u>
--	----------------------------

**Department of Public Works, Bureau of Architecture
(BOA) Project Administration**

This funding provides for 33 months of BOA services for one Assistant City Architect working approximately two hours a week and one Project Manager working approximately 30 hours per week.

Assistant City Architect	\$34,124
Project Manager	<u>385,876</u>

Total Bureau of Architecture Project Admin.	<u>\$420,000</u>
---	------------------

Fire Department Project Administration

Funding for the Fire Department includes two administrative staff for approximately five months and other operating expenses for a one-year period.

Administrative Staff

Assistant Chief	\$61,119
Captain	45,183

Operating Expenses

FAX Machine Rental	792
Computer Rental	2,196
Automobile Rental	5,500
Installation of two telephone lines	500
Telephone Expense	<u>1,800</u>

Total Fire Department Project Admin.	<u>\$117,090</u>
--------------------------------------	------------------

Disruption Expenses	<u>\$100,000</u>
----------------------------	-------------------------

Disruption expenses include moving everything out and back into each Fire Station and facility before and after the seismic, asbestos, disabled access and restroom renovations occur, Department of Electricity costs to remove and relocate communication equipment, rental of temporary storage space and space rentals for temporary quarters for some facilities.

BOARD OF SUPERVISORS
BUDGET ANALYST

Bond Issuance Costs and Real Estate Department

Chief Administrative Officer-Bond Issuance Costs	\$37,260
City Attorney-Bond Issuance Costs	65,740
Department of Real Estate-Search for a new site for the Bureau of Equipment	<u>10,000</u>
Total Bond Issuance Costs and Real Estate	<u>\$113,000</u>
Grand Total	\$15,307,533

Comments:

1. As noted above, the cost estimates for the FCM immediate capital improvements are based on a formula and not on actual cost estimates for individual capital improvements. The actual individual capital improvements to be made at each Fire Station and facility have not yet been selected. Therefore, until actual capital improvements have been selected and cost estimates have been made for each improvement, the Budget Analyst recommends reserving all funding for FCM immediate capital improvements totalling \$379,300.

2. The Bureau of Architecture reports that contractors have not been selected to perform the seismic strengthening, asbestos abatement, disabled access and separate restrooms renovations. Therefore, \$10,408,825 of the \$14,557,443 total for these renovations should be reserved pending selection of the contractors and determination of cost details and MBE/WBE status of the contractors.

Recommendation: Amend the proposed supplemental appropriation ordinance to reserve a) \$379,000 for FCM immediate capital improvements pending selection of the capital improvements to be made at each Fire Station or facility and pending estimates of the cost of each such improvement and b) \$10,408,825 pending selection of the contractors and determination of cost details and MBE/WBE status of the contractors (total reserve of \$10,787,825). Approve the proposed supplemental appropriation ordinance as amended.

Item 11 - File 101-93-67

Department: Superior Court

Item: Supplemental appropriation ordinance appropriating \$975,000 for Fees and Other Compensation and rescinding \$155,000 from Fees and Other Compensation.

Proposed Expenditure: Projected budgetary shortfall in Fees and Compensation account that funds mandated services.

Amount: \$975,000

Source of Funds:	General Fund - General Reserve	\$382,000
	Rescission-General City Responsibilities	155,000
	Reappropriation-Superior Court-	
	Services of Other Departments -Building Repair	<u>438,000</u>
	Total	\$975,000

Description: The Superior Court has projected a budgetary shortfall through the end of the 1992-93 fiscal year (June 30, 1993) in their Fees and Compensation account based on actual expenditures from July 1, 1992 through March 26, 1993. The Fees and Compensation account pays for required services that are necessary to operate the Superior Courts as mandated by State Law. The projected 1992-93 total for these expenditures is as follows:

	Actual Expenditures <u>7/1/92-3/26/93</u>	Projected Expenditures <u>3/27/93-6/30/93</u>	Total Projected Expenditures
Conflict Attorneys and Interpreters for Criminal, Conservatorship, Probable Cause and Juvenile Delinquency and Dependency Cases	\$4,602,744	\$796,024	\$5,398,768
Expert Witness, Fees	897,403	296,143	1,193,546
Visiting Judges*	0	62,000	62,000
Pro Tem Court Reporter Fees	<u>542,755</u>	<u>179,109</u>	<u>721,864</u>
Total	\$6,042,902	\$1,333,276	\$7,376,178

*Visiting Judges are paid at the end of the fiscal year.

BOARD OF SUPERVISORS
BUDGET ANALYST

The net funding available in the Superior Court budget and the projected shortfall are as follows:

1992-93 Budget Appropriation	\$6,380,555
Projected 1992-93 Expenditures	<u>7,376,178</u>
Total Projected Budgetary Shortfall	\$995,623
Less Funding from Savings In Other Superior Court Accounts	<u>20,623</u>
Proposed Supplemental Appropriation	\$975,000

Comments:

1. Mr. John Madden, Chief Deputy Controller, reports that the proposed rescission of funds from General City Responsibilities in the amount of \$155,000 represents unneeded funding for Fiscal Year 1992-93.
2. Ms. Kate Harrison of the Superior Court indicates that the proposed reappropriation of Superior Court Services of Other Departments in the amount of \$438,000 represents funding appropriated in prior years for the costs of installing air conditioning in the courtrooms on the fourth floor of City Hall. This funding is no longer needed because the courtrooms will be moving to a new Courthouse to be built at Polk and McAllister Streets.
3. Based on our analysis, the Budget Analyst concurs with the projected budgetary shortfall.

Recommendation: Approve the proposed supplemental appropriation ordinance.

BOARD OF SUPERVISORS
BUDGET ANALYST

Items 12 and 13 - Files 127-93-1 and 62-93-2

Item: Ordinance amending Part III, San Francisco Municipal Code, by amending Section 802 thereof, increasing the rate of the Stadium Operator Admission Tax from \$.50 to \$1.50 on tickets sold at \$25.02 or more (File 127-93-1)

Ordinance approving a lease amendment entered into between the City and County and the San Francisco 49ers, which would change the formula by which food and beverage concession revenues are allocated to the City and the 49ers (File 62-93-2).

Description:

At the present time, the 49ers pay the City 15 percent of all food and beverage concession revenues generated at 49ers football games. The proposed ordinance (File 62-93-2) would result in the 49ers keeping the 15 percent in food and beverage concession revenues now being paid to the City. The 49ers have proposed that since the \$1.00 surcharge on these tickets, used to improve Candlestick Park, expired on December 31, 1992, the City could increase the Stadium Operator Admission Tax by that \$1.00 same \$1.00, from \$.50 to \$1.50 (File 127-93-1), enabling such tax revenues to accrue to the City, and enabling the 49ers to maintain the same ticket price for the 1993 football season. It is the contention of the Mayor's Office and the 49ers that such increased Stadium Operator Admission Tax revenues to the City will more than offset the 15 percent in food and beverage concession revenues now being paid to the City which the 49ers would keep, under the proposed ordinance (File 62-93-2).

However, whether the City would realize more, less, or equal revenues under such a proposal, compared to the City's current lease agreement with the 49ers, will depend on the formula which is used to calculate the reduced amount of such food and beverage concession revenues which would accrue to the City, in relationship to the proposed \$1.00 increase in the Stadium Operator Admission Tax which the City would gain.

In addition to amending the formula for the allocation of 49ers food and beverage concession revenues to the City, the proposed ordinance would eliminate, through 2007, the City's ability to generate additional revenue from a Stadium Operator Admission Tax of more than \$1.50 on 49ers tickets, by requiring that the City pay a rent credit to the 49ers which is equal in amount to the amount of any new revenues raised by a further increase in the tax above \$1.50.

BOARD OF SUPERVISORS
BUDGET ANALYST

Memo to Budget Committee
May 5, 1993

Items 14 and 15 - Files 165-93-5 and 165-93-5.1

1. Item 14, File 165-93-5 is a motion directing the Budget Analyst to conduct a management audit of the Municipal Railway. Item 15, File 165-93-5.1 is a resolution urging the Mayor to urge the Public Utilities Commission to introduce a supplemental appropriation for the purposes of conducting an independent management audit of the Municipal Railway.

2. A proposal to conduct an independent management audit of the Municipal Railway, to be financed by Proposition B Sales Tax revenues, is currently being considered by the San Francisco Transportation Authority.

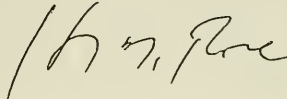
BOARD OF SUPERVISORS
BUDGET ANALYST

Item 16 - File 100-93-5

1. This item is a hearing to consider the findings of the Budget and Planning Subcommittee of the City's Joint Fiscal Task Force Solving the City's Fiscal Crisis.

2. The Budget and Planning Group of the Joint Task Force on Solving the City's Fiscal Crisis has completed their Final Report (attachment). The Budget Analyst concurs with the recommendations included in the Budget and Planning Group's Final Report.

3. The Author's Office indicates that the recommendations of the Budget and Planning Group would be implemented in the budget preparation process for Fiscal Year 1994-95.



Harvey M. Rose

cc: Supervisor Migden
Supervisor Hsieh
President Alioto
Supervisor Achtenberg
Supervisor Bierman
Supervisor Conroy
Supervisor Hallinan
Supervisor Kaufman
Supervisor Kennedy
Supervisor Maher
Supervisor Shelley
Clerk of the Board
Chief Administrative Officer
Controller
Teresa Serata
Barbara Kolesar
Ted Lakey

Member
Board of Supervisors
City and County of San Francisco



KEVIN F. SHELLEY

BUDGET AND PLANNING GROUP
JOINT TASK FORCE ON SOLVING THE CITY'S FISCAL CRISES
FINAL REPORT

SUMMARY OF REPORT

Throughout the country government, from local school districts to the federal government, is reevaluating the basic way that it does business. Policy makers are reevaluating the incentive systems that they provide to managers to perform the tasks they have mandated be performed.

This was perhaps best articulated in the recent book "Reinventing Government". In this book, the authors Gabler and Osborne articulated a process that would reinfuse an entrepreneurial spirit in government. In this type of system all levels of government would be provided with incentives to manage their organizations in the most effective and efficient manner possible. Managers would be held accountable for their organizations. In order to make this happen managers would be provided with rewards for realizing savings in the programs that they administer and be held completely accountable for not meeting the goals that they themselves will have agreed to.

The City and County of San Francisco still reviews budgets based upon a line item review of departments. In this type of review the ability to provide service is never considered in the budget review process. Departments are instead evaluated on what they spent the previous year without consideration for whether or not they have provided service to the residents of the city in either a cost effective or acceptable level.

During our series of meetings it became apparent to the members of the Budget and Planning Group that no incentives exist within the system to manage resources in an efficient manner. The reward for managing an organization in an efficient manner is to have your budget slashed in the next year under the assumption that you don't

need all of the money that may have been allocated to you. The old adage of government applies here "either use it or lose it."

The Budget and Planning Group is recommending that a mission driven budget review process be substituted for this line item review process. In this system a pact is established between departments and the reviewing agencies. Under this pact departments would be required to perform a level of service for a committed set of resources. Each year departments would be evaluated on their ability to perform this level of service. If they are successful then managers would be rewarded in some manner. For those departments that have been unsuccessful an evaluation of the department, either through audit or performance reviews would be conducted to determine why that department has not been able to meet their agreed upon goals. The important point would be that managers would be responsible for meeting the goals that they have established.

To begin this process we are proposing the following steps towards implementation:

- * As soon as possible the City should begin by implementing a mission driven budget for the enterprise departments (Port, Airport, Water, Hetch Hetchy and the Clean Water portion of the Department of Public Works). Under this process the departments will prepare their budgets and policy makers will review the budgets based on levels of service. Departments, under the direction of the Mayor's office, would be required to establish verifiable performance measures against which progress can be periodically measured. (General fund departments should establish performance measures simultaneously. As soon as the evaluation is completed for the enterprise departments, the general fund departments should be incorporated in this process).
- * The Board of Supervisors Budget analyst should be instructed to review departments based upon the performance measures that they have agreed to.
- * In September, the Mayor and the Board should hold hearings with the various departments to discuss the services to be provided within the funding available. Departments should be instructed to submit budgets which reflect the ability to perform the agreed upon services at the agreed upon levels. This meeting will form the basis

for a strategic plan for the City. The strategic plan should cover a minimum of a two year period.

* On May 1st (instead of June 1st) of each year the Mayor should submit the recommended budget to the Board of Supervisors. The budget review process for the Board would be extended from the normal one month process to two months, in order to allow for hearings based upon the strategic plan that has been established.

* Departments would be required to submit semiannual reports of performance versus agreed upon standards. The Mayor and the Board of Supervisors should perform a formal review of performance at these times as well as at any time a department submits a request for a supplemental appropriation.

REPORT OF THE BUDGET AND PLANNING WORKGROUP

PURPOSE

This document contains background information and the recommendations of the Budget and Planning Workgroup of the Joint Task Force to Resolve the City's Fiscal Crisis.

The first section of the report defines the concept of a mission-driven budget, as envisioned by the Workgroup. The second section details the perceptions of the current budget system as related by departmental representatives, the Mayor's Office and the Board of Supervisor's Budget Analyst. The final section of the report represents the recommendations of the Workgroup.

DEFINITION

The purpose of a budget is not to provide a detailed accounting of the items that money is to be spent on. Rather, it is a way to ensure that the City's resources are best used to provide the services that the policymaking process determines are the City's priorities. A line item budget fails to accomplish this because it confuses the role of policymakers and managers. In the budget process, the Mayor and Board of Supervisors should determine policy: What services do we as a City want and how much are we willing to spend to get them? The department managers should implement policy; How can available resources best be managed to provide services at the least cost? The budget should serve as a contract between policymakers promising resources in return for managers promising the services that policymakers want to "purchase". This approach avoids the trivialization of the work of policymakers that is inherent in the micro-management of a line item budget review. At the same time, it empowers managers to be creative since the way in which resources are transformed into services is left to be defined by how they manage their departments.

The Workgroup recommends that the City move toward this type of mission-driven budget. Under a mission-driven budget, the City, through the Mayor and Board of Supervisors, will agree to provide a given level of General Fund resources to a department in return for which the department will provide a defined level of services. Monitoring of the budget by the Mayor and Board will not focus on line item explanations. Instead, it will focus on what is really of importance to citizens of the City: the level of services actually provided by departments. Thus, there will be accountability built into the system that will ensure that taxpayers' money is well spent in a way that a line item budget, with its failure to link expenditures to services, can never provide.

Making departmental managers accountable for their use of City resources is a key objective of a mission-driven budget. To be effective, accountability must mean providing managers with positive rewards for success as well as negative consequences for failure. Departments that provide services at lower than contract cost should retain some or all of the excess to be used on additional programs or to be invested in a department's "infrastructure". Departments that fail to deliver services at the contract price should be forced to reorganize and manage within their means, potentially lose their managerial freedom, or have their "contracts" curtailed. The details of rewards and penalties need to be carefully worked out, but are essential to the successful implementation of a mission-driven budget.

In summary, a mission-driven budget can be defined by the following characteristics:

- (a) It is an agreement between policymakers and managers to exchange a given level of General Fund resources for a given level of City services;
- (b) Departments are monitored by policymakers to ensure that they provide the agreed-upon level of services; and

- (c) Departments are made accountable for their performance by a set of positive and negative incentives regarding funding and managerial freedom.

BACKGROUND

The following points were raised in two meetings of testimony before the working group:

The Mayor and the Board of Supervisors both review the budget at much too detailed a level. Decisions, particularly at the Board of Supervisors, are not based on policy considerations.

The budget process does not encourage departments to save money during the fiscal year. Departments which save money see that amount taken out of their budget in subsequent years.

There is virtually no link between a department's performance vis-a-vis established and verifiable standards.

Neither the Mayor nor the Board of Supervisors has established a level of trust with departments. There is an adversarial relationship as the policy makers feel that departments are trying to "put one over on them".

There was a general agreement that the Board of Supervisors did not play any significant policy role in the budget process. Further, the Board's directions to the Budget Analyst (recommend only those reductions which do not result in service cuts or layoffs) are the main reason that departments have no incentive to save money during the year.

There was agreement that, should the Board take on a larger role in the budget process, the time that the Board has to review the budget should be increased to some six to eight weeks (over the current two week period).

As noted in much of the testimony to the Workgroup, public sector activities are very difficult to measure or define. In preparation for a mission-driven budget, the departments and policy makers must undertake a rigorous effort to agree on useful and verifiable measures of department outputs. These measures should genuinely seek to represent service levels and should minimize the opportunity for distortion.

RECOMMENDATIONS

Generally, the Workgroup feels that the current budget process does not result in good policy decisions or effective management of City departments. While a number of long term improvements in the process were discussed, the Workgroup felt that such improvements could only be made if there was a shift in the attitudes of the Mayor and Board of Supervisors. As such, the Workgroup feels that some short term recommendations should be implemented. After a period of time, the impact of those recommendations should be reviewed and long term recommendations made which take account of the results of these short term steps.

Rather than implementing a mission-driven budget for every department in the current fiscal year, a set of pilot departments should be selected. The Workgroup recommends using mainly Public Service Enterprise departments (Airport, Port, Water, Hetch Hetchy and some sections of Public Works). This subset of departments was selected for two reasons. First, since they are funded outside the General Fund, the current budget deliberations on the estimated shortfall will not result in a perception that certain General Fund departments are being treated differently than others. Second, since output measures are key to successful implementation of a mission-driven budget, these departments

are probably better prepared since they are more likely to have verifiable and meaningful performance measures already developed which could be used as the basis for a mission-driven budget.

The Mayor and Board of Supervisors should review the budget submissions of these departments on a programmatic rather than a line item basis. This means that policymakers will have to have some level of trust in the managers of these departments. Rather than determining whether a particular mix of employees, services and equipment is proper for the department, the review would be based on whether the services being proposed by the departments are the valid mix of services to be performed, are those the Mayor and Board want provided, and the overall use of financial resources is efficient and beneficial to the General Fund. In the case of departments that provide money to the General Fund, the budget should specify the level of those transfers. The department head (and commission, if the department reports to one), would then be responsible for allocating funds in such a way as to meet the service levels being proposed. Department heads would then be given the flexibility to allocate those funds, even during the fiscal year, without review from policymakers. Instead, policymakers would monitor the level of services provided.

Rather than performing a line item review of the budgets of these departments, the Board of Supervisors' Budget Analyst should prepare a policy-driven budget review for the Budget Committee.

All departments not part of the mission-driven budget review for FY 1993/94 will still be required to submit a statement as to the department's mission and meaningful and verifiable performance measures along with their FY 1993/94 budget. During the Board's budget review, the Budget Analyst should review these performance measures and report them to the Budget Committee, along with any comments regarding their meaningfulness and measurability. Additionally, the Budget Committee should review the department's mission statement and determine if that mission is still valid. While a full mission-driven budget analysis will not be possible in FY 1993/94, the Budget Analyst should, nevertheless, attempt to quantify the performance impact of any recommended line-item cuts. The Budget Committee should not accept any recommended cuts unless such an analysis is provided.

When meaningful and verifiable performance measures are available, departments should submit a semi-annual review of performance. The Mayor and Board of Supervisors should undertake a formal performance review at these times and when a department submits a supplemental appropriation.

In FY 1994/95, the budget process should be conducted so that all departments have a mission-driven budget. To that end, all departments should review other public jurisdictions for widely accepted measures of output. These measures should then be widely publicized for comment from the public. The goal of this exercise would be to have a consensus set of measures for the performance discussions which will occur as part of the FY 1994/95 budget process.

To start the FY 1994/95 budget process, the Mayor and Board of Supervisors should meet jointly with department heads and commissions at the beginning of the budget process (September, 1993) to discuss priorities and the services the Mayor and Board want to offer within the funding available to the City. Departments should then be required to submit their program budgets in accordance with those priorities. Such a meeting would form the basis of a strategic budget plan for the City. Such a strategic plan should, at a minimum, be prepared to account for a two year period.

For the FY 1994/95 budget process, the Mayor should submit the recommended budget to the Board of Supervisors no later than May 1. Given the strategic policy setting process discussed above, much of the review now performed by the Mayor's Office in March, April and May would be performed in conjunction with this strategic planning session. This should mean a reduction in the amount of review needed during the Mayor's budget review.

SF
\$90.07
#2
1/12/93
C.2

CALENDAR *Actions Taken*

DOCUMENTS DEPT.
MAY 14 1993
SAN FRANCISCO
PUBLIC LIBRARY

MEETING OF
BUDGET COMMITTEE
BOARD OF SUPERVISORS
CITY AND COUNTY OF SAN FRANCISCO

WEDNESDAY, MAY 12, 1993 - 2:00 P.M.

ROOM 228, CITY HALL

PRESENT: SUPERVISORS MIGDEN, HSIEH, ALIOTO

CLERK: KAY GULBENGAY

NOTE: Copies of the Budget Analyst's Report will be available for review on the counter in the Office of the Clerk of the Board, Room 235, City Hall, 10:00 a.m., the date of the meeting.

CONSENT CALENDAR

1. All matters listed hereunder constitute a Consent Calendar, are considered to be routine by the Budget Committee, and will be acted upon by a single roll call vote of the Committee. There will be no separate discussion of these items unless a member of the Committee or a member of the public so requests, in which event the matter shall be removed from the Consent Calendar and considered as a separate item.
 - (a) File 101-92-43.1. [Release of Funds] Requesting release of reserved funds, Public Utilities Commission-Water Department, in the amount of \$500,000, for the Calaveras Pipeline Reconstruction Project. (Public Utilities Commission)

ACTION: Release of \$346,178 recommended. Filed.
 - (b) File 101-91-63.1. [Release of Funds] Requesting release of reserved funds, Department of Public Works, in the amount of \$225,000, for construction of Polk Street Pavement Renovation Project; companion measure File 148-92-4.1. (Department of Public Works)

ACTION: Continued to call of the chair at the request of the Department of Public Works.
 - (c) File 148-92-4.1. [Release of Funds] Requesting release of reserved funds, Department of Public Works, in the amount of \$779,064, for construction of Polk Street Pavement Renovation Project; companion measure File 101-91-63.1. (Department of Public Works)

ACTION: Continued to call of the chair at the request of the Department of Public Works.

2. File 114-93-4. [Building Code] Ordinance amending Part II, Chapter 1 of the San Francisco Municipal Code (Building Code) by amending Section 3304 to provide new fees commensurate with new code Section 328 of the Building Code governing boiler inspection. (Supervisor Kennedy)

ACTION: Hearing held. Recommended.

3. File 114-93-3. [Building Code] Ordinance amending Part II, Chapter 1 of the San Francisco Municipal Code (Building Code) by adding new Section 328 governing boiler inspection. (Supervisor Kennedy)

ACTION: Hearing held. Recommended.

4. File 101-92-68. [Government Funding] Ordinance appropriating \$117,947,912, Airports Commission, for various capital improvement projects and bond redemption and rescinding \$5,581,450 from the bond reserve payment. RO #92219 (Controller)

ACTION: Hearing held. Recommended.

5. File 101-92-69. [Government Funding] Appropriating \$200,000, Police Department, for overtime. RO #92221 (Controller)

ACTION: Hearing held. Recommended.

6. File 101-92-70. [Government Funding] Ordinance appropriating \$377,859, Police Department, for Worker's Compensation. RO #92224 (Controller)

ACTION: Hearing held. Recommended.

7. File 101-92-71. [Government Funding] Ordinance appropriating \$336,000, Police Department, for permanent salaries-miscellaneous and related mandatory fringe benefits. RO #92225 (Controller)

ACTION: Hearing held. Recommended.

8. File 101-92-72. [Government Funding] Ordinance appropriating \$15,430,000, Department of Public Works, for various capital improvement projects (Fire Department and Fine Arts Museum). RO #92227 (Controller)

ACTION: Hearing held. Amended on page 1 line 3 (in title) after "1992-93" by inserting "placing \$8,053,400 on reserve"; and on line 19 by inserting "Sec. 2. Funds in the amount of \$8,053,400 (construction costs for seven Fire Stations, Ashbury Tank Facility, Fire Department's Headquarters Building) are hereby placed on reserve pending selection of construction contractors, determination of cost details and the MBE/WBE status of the contractors, to be released by the Budget Committee."
New Title: "Appropriating \$15,430,000, Department of Public Works, for various capital improvement projects (Fire Department and Fine Arts Museum); placing \$8,053,400 on reserve."
Recommended as amended.

9. File 101-92-73. [Government Funding] Ordinance appropriating and certifying \$62,017, Department of Public Works, for capital improvement project to cover ten percent overage as per Charter Section 7.203, providing for ratification of action previously taken. RO #92228 (Controller)

ACTION: Hearing held. Recommended.

10. File 97-93-25. [Property Tax Allocation] Ordinance amending Administrative Code by adding Sections 10.7-2 through 10.7-2.3 to require the Controller to allocate property taxes collected in the City and County in accordance with the laws governing apportionment during fiscal year 1992-93. (Supervisor Shelley)

ACTION: Hearing held. Recommended.

11. File 127-93-1. [Stadium Operator Admission Tax] Ordinance amending Part III, Municipal Code, by amending Sections 802 and 807 to eliminate the expiration of the exemption from admissions tax for tickets sold at \$12.99 or less, raising the maximum ticket price qualifying for exemption from \$12.99 to \$25.01 and increasing the rate of the stadium admission tax from 50 cents to \$1.50. (Supervisor Alioto)
(Continued from 5/5/93)

ACTION: Hearing held. Amendment of the whole (as presented in committee) adopted.

New Title: "Amending Part III, San Francisco Municipal Code, amending Section 802 thereof, increasing the rate of the stadium admission tax from 50¢ to \$1.50 on tickets sold at 25.02 or more."
Recommended as amended.

12. File 62-93-2. [Lease Amendment] Ordinance approving a lease amendment entered into between the City and County and the San Francisco 49ers, which would change the formula by which concession revenues are allocated to the City and the 49ers. (Supervisor Alioto)
(Continued from 5/5/93)

ACTION: Hearing held. Recommended.

0.07
3
2/93
CITY AND COUNTY



OF SAN FRANCISCO

BOARD OF SUPERVISORS

BUDGET ANALYST

1390 MARKET STREET, SUITE 1025

SAN FRANCISCO, CALIFORNIA 94102 • TELEPHONE (415) 554-7642

May 10, 1993

TO: Budget Committee
FROM: Budget Analyst *Recommendations*
SUBJECT: May 12, 1993 Budget Committee Meeting

DOCUMENTS DEPT.

MAY 11 1993

SAN FRANCISCO
PUBLIC LIBRARY

Item 1a - File 101-92-43.1

Department: Public Utilities Commission (PUC)

Item: Release of reserved funds in the amount of \$500,000 for consultant services.

Amount: \$500,000

Source of Funds: 1991 Water Revenue Bond Fund

Description: The Board of Supervisors previously approved an ordinance appropriating \$19,576,000 from the 1991 Water Revenue Bond Fund for various capital improvement projects. At the same time, the Board placed \$500,000 for consultant services for the Calaveras Pipeline Reconstruction Project on reserve pending cost details and the MBE/WBE status of the contractors.

The PUC has selected Stacy and Witbeck, Inc. to provide the necessary contract services related to environmental mitigation and revegetation work. Ms. Elaine Cartwright of the PUC advises that Stacy and Witbeck were selected primarily because they had an existing contract with the PUC to provide contract services in connection with the Calaveras Pipeline Reconstruction Project and, as such, were in a position to expedite the required contract services. Ms. Cartwright adds that there was a need to expedite these contract services

because the trees and vegetation to be planted in connection with this project had to be planted during the Spring.

Stacy and Witbeck is neither an MBE or WBE firm. However, The PUC advises that Stacy and Witbeck have subcontracted with Korotkin Associates, a certified WBE firm, in the amount of \$126,660, which represents 36.6 percent of the \$346,178 contract amount. The \$346,178 contract amount is detailed below:

Landscaping (San Antonio Pump Station)	\$56,564
Planting and Protection of Native Plant	
Species (Calaveris Pipeline site)	108,429
Maguire Springs Mitigation:	
Fencing	113,236
Livestock Accessories	8,455
Site Work	6,071
Revegetation	5,878
Tree Protection	7,545
Monitoring Wells	<u>40,000</u>
Total	\$346,178

Under the scope of the contract, Stacy and Witbeck will be responsible for contract management and oversight, purchasing of certain supplies, and miscellaneous labor (i.e. earth removal). Korotkin and Associates will be responsible for landscaping and planting.

Comment: As noted above, the actual amount of the contract is \$346,178 or \$153,822 less than the \$500,000 requested amount. Therefore, \$346,178 of the \$500,000 should be released from reserve and the remaining balance of \$153,822 should continue to be reserved.

Recommendation: Release \$346,178 of the \$500,000 in reserved funds and continue to reserve the balance of \$153,822.

Items 1b and 1c - Files 101-91-63.1 and 148-92-4.1

Department: Department of Public Works (DPW)

Item: Item 1b - File 101-91-63.1 is a release of reserve for funds in the amount of \$225,000 for construction of the Polk Street Pavement Renovation Project.

Item 1c - File 148-92-4.1 is a release of reserve for funds in the amount of \$779,064, for construction of the Polk Street Pavement Renovation Project.

Amount: \$1,004,064 (\$225,000 plus \$779,064)

Description: In April of 1992, the Board of Supervisors approved legislation authorizing the DPW to appropriate funds in the amount of \$1,100,257 for a capital improvement project titled Street Reconstruction and Renovation (File 101-91-63). Of the \$1,100,257 amount, \$585,000 budgeted for construction was placed on reserve pending the selection of contractors, the MBE/WBE status of the contractors, and finalized contract cost details.

In July of 1992, the Board of Supervisors approved legislation authorizing the DPW to apply for, accept and expend Federal funds for pavement renovation in the amount of \$7,257,000 (File 148-92-4). The entire \$7,257,000 amount was placed on reserve pending the selection of contractors, the MBE/WBE status of the contractors, and finalized contract details.

Comment: The Department of Public Works reports that the selection process for these contracts has not been finalized. Therefore, the Department of Public Works requests that these items be continued to the call of the Chair pending finalization of the contractor selection process.

Recommendation: Continue these items to the call of the Chair as requested by the Department of Public Works.

Items 2 and 3 - Files 114-93-4 and 114-93-3

Department: Department of Public Works (DPW)
Bureau of Building Inspection (BBI)

Item: Item 2 (File 114-93-4) is an ordinance amending Part II, Chapter 1, of the Building Code by amending Section 330.4 to provide new fees commensurate with the proposed new Section 328 of the Building Code governing boiler inspections.

Item 3 (File 114-93-3) is an ordinance amending Part II, Chapter 1 of the San Francisco Municipal Code (Building Code) by adding a new Section 328 governing boiler inspections.

Description: The State currently inspects all high pressure boilers. Prior to June, 1988, the City inspected all low pressure boilers. In June of 1988, the low pressure boiler inspection program was eliminated from the City's jurisdiction because the BBI believed that the State would include low pressure boiler inspections under new State laws. Mr. Richard Young of the DPW advises that the BBI was informed in 1991 that the State had not adopted a low pressure boiler inspection program due to inadequate staff and budgetary constraints. The BBI has been designing the proposed low pressure boiler inspection program since that time. Because low pressure boilers have not been inspected for approximately four years, Mr. Young states that such a program is needed for the safety of building occupants.

The proposed new Section 328 of the Building Code (Item 3, File 114-93-3) would establish a low pressure boiler inspection program. Annual inspections would be performed by "third party" agencies that are either a State-licensed Boiler Contractor or a certified Inspector employed by the insurance carrier which carries insurance for the building to be inspected. The BBI would act as administrator of the proposed low pressure boiler inspection program.

Mr. Young reports that the BBI has historic records of buildings containing low pressure boilers. From these records, the BBI would verify the status of the boilers and would send notices to the owners of the buildings advising them of required boiler inspections and permits to operate the boilers. Mr. Young advises that low pressure boilers in buildings for which the BBI does not have records should be discovered during annual BBI building inspections and the building owners would be informed of the low pressure boiler inspection and permit requirements at that time.

Once the owner is notified of the required inspections and the permits needed to operate the boilers, the owner of the building would be expected to have the boiler inspected by a third party agency and obtain a "Permit to Operate" from BBI. After the inspection, the third party agency would be required to provide the BBI with the inspection results and to post the Permit to Operate at the boiler site. If it is determined that the boiler does not meet State requirements for boiler operation, maintenance might be needed before a Permit to Operate could be obtained. If there is a dispute between the agency and the building owner which results in the maintenance determined to be necessary by the agency not being completed by the building owner, BBI would send a Notice of Apparent Violation to the building owner. If the necessary repairs are not made in response to a Notice of Apparent Violation within 30 days, a Notice of Violation would be sent to the owner which would charge the owner a fee (see below) and would inform the owner that they have 10 days in which to make the necessary repairs. If the owner still has not complied at the end of the 10 days, BBI Administrative Hearing procedures would begin. The owner would be required to pay a fee for the Administrative Hearing (see below). If, at the Administrative Hearing, it is determined that the repairs are justified, the matter would be referred to the BBI's Code Enforcement Division for action and the building owner would be assessed a penalty of \$100 per day beyond the time stipulated at the hearing for repairs to be made. Failure to respond to the BBI Code Enforcement Division would result in referral to the City Attorney's Office.

The proposed new Section 328 would authorize the establishment of fees for a) permits and certificates issued by the BBI for both existing and new low pressure boilers, b) notices, and c) administrative hearings.

The proposed ordinance (Item 2, File 114-93-4) would amend Section 330.4 of the Building Code to modify the current fee schedule for boiler inspections to provide new fees commensurate with the proposed new Section 328. The current and proposed Section 330.4 pertaining to low pressure boiler permit fees is as follows (as previously noted, no fees for low pressure boiler inspections have been collected since June of 1988):

Memo to Budget Committee
May 12, 1993 Budget Committee Meeting

	<u>Current Fee</u>	<u>Proposed Fee</u>	<u>% Increase In Fee</u>
a) Permit to Install or Replace	\$108	\$190	76
b) Alteration Permit*	54	-	-
c) Permit to Operate*	26	35	35
d) Renew Permit to Operate *	26	35	35
e) Replacement of Issued Permit to Operate (if lost or damaged)**	-	35	100
f) Notice of Apparent Violation**	-	-	-
g) Notice of Violation**	-	100	100
h) Administrative Hearing**	-	500	100
i) Connection to Utility Company Providing Steam (includes permit to operate)**	-	35	100

*The new Section 330.4 would eliminate the Alteration Permit. Mr. Young advises that routine maintenance to low pressure boilers may be done without a permit and that alterations such as relocating or disconnecting low pressure boilers would be provided for under the proposed Permit to Install or Replace. A certificate for public display containing information pertaining to boiler regulations and informing the public that the boiler has been inspected and has met necessary requirements will be issued when either a Permit to Operate or a Renew Permit to Operate is obtained by a building owner. Under the proposed boiler inspection program, certificates would be issued to the building owner in order for the owner to post the certificate at the boiler site.

**As noted above, there are currently no fees for items "e" through "i" contained in Section 330.4 because these items pertain only to the proposed low pressure boiler inspection program. Letter "i" above is in reference to the underground steam that Pacific Gas and Electric Company sells to businesses.

Mr. Young reports that BBI has approximately 12,000 files for low pressure boilers that were issued Permits to Operate and/or were inspected by BBI prior to 1988. The BBI advises that it has retained an outside contractor to transfer these files to an automated database created specifically for the proposed low pressure boiler inspection program. BBI estimates that there are approximately 4,000 active low pressure boilers in San Francisco. Annual revenues that would be generated by the proposed new and increased fees are estimated to be approximately \$224,500 as follows :

BOARD OF SUPERVISORS
BUDGET ANALYST

Memo to Budget Committee
May 12, 1993 Budget Committee Meeting

Permits to Operate (4,000 boilers @ \$35 each)	\$140,000
Notices of Violation (approx. 500 boilers @ \$100 each)	50,000
Administrative Hearings (approx. 50 boilers @ \$500 each)	25,000
Replacement of Boilers (approx. 50 boilers @ \$190 each)	<u>9,500</u>
Total estimated annual revenues*	\$224,500

*Mr. Young reports that the above annual revenue estimate is a minimum estimate based on the fee categories that are expected to generate significant revenues based on the current estimated number of boilers (4,000) for the first year of implementation of the low pressure boiler inspection program.

Mr. Young advises that the low pressure boiler inspection program would be funded through the above estimated revenues. The DPW estimate of the annual cost to administer the program of low pressure boiler inspections is as follows:

<u>Personnel</u>	<u>FTE</u>	<u>Amount</u>
Clerk	1.00	\$33,000
Plumbing Inspector	1.00	65,000
Miscellaneous Support		2,000
Overhead	—	<u>95,000</u>
Subtotal Personnel	2.00	\$195,000
<u>Other Expenses</u>		
Computer Services		\$25,000
Misc. Expenses (i.e. mail, reproduction)		3,500
Training		<u>1,000</u>
Subtotal Other Expenses		<u>29,500</u>
Total estimated annual expenditures		\$224,500

Comments:

1. The DPW reports that the proposed reestablishment of an inspection process (new Section 328) arose from concerns about the safety of building occupants where maintenance of low pressure boilers appeared to be improper.
2. Because the estimated costs of operating the low pressure boiler inspection program of \$224,500 would be fully recovered by the estimated new revenue resulting from the proposed new and increased fees, the implementation of the proposed ordinances would have no impact on the General Fund.

BOARD OF SUPERVISORS
BUDGET ANALYST

Memo to Budget Committee
May 12, 1993 Budget Committee Meeting

Recommendation: Approval of the proposed ordinances is a policy matter for the Board of Supervisors.

Item 4 - File 101-92-68

Department: Airports Commission

Item: Supplemental appropriation ordinance requesting \$117,947,912 for various capital improvement projects and bond redemption, rescinding \$5,581,450 from the bond reserve payment

Amount: \$117,947,912

Source of Funds: Proceeds of Second Series Refunding Revenue Bonds, Issue 2

Description: The Board of Supervisors previously adopted Resolution No. 871-92 (File No. 170-92-11) on October 19, 1992, approving the issuance of up to \$305,000,000 principal amount of San Francisco International Airport Second Series Refunding Revenue Bonds.

The proposed supplemental appropriation ordinance would appropriate the proceeds of the Second Series Refunding Revenue Bonds, Issue 2 in the amount of \$117,947,912 to refund outstanding Series D Revenue Bonds. Included in the bond refunding transaction would be the return of existing Series D debt service reserve funds from the bond trustee. The available funds for refunding outstanding Series D Revenue Bonds are as follows:

Proceeds of Second Series Refunding Revenue Bonds, Issue 2	\$106,785,012
Return of Series D Debt Service Reserve Funds	<u>11,162,900</u>
Total	\$117,947,912

These funds totalling \$117,947,912 would be used to refund the outstanding Series D Bonds and related costs as follows:

Deposit to the Refunding Escrow	\$103,027,534
Deposit to the Issue 2 Debt Service Reserve Fund	8,688,928
Professional Service and Other Issuance Costs	650,000
Deposit to Contingency Account*	<u>5,581,450</u>
Total Proposed Supplemental Appropriation	\$117,947,912

* Because the debt service reserve fund for the Series D Bonds that are being refunded was originally funded from the Airport's operating fund, the Airport will return one-half or \$5,581,450 of the \$11,162,900 that is being returned from the Series D debt service reserve funds, to the Airport's operating fund.

Comment:

According to Mr. Leo Fermin of the Airport, the refunding of Series D Bonds with Issue 2 Bonds will result in savings of approximately \$16.6 million, due to the interest rate being reduced from approximately 9.3 percent to approximately 6.8 percent.

Recommendation: Approve the proposed supplemental appropriation ordinance.

Item 5 - File 101-92-69

Department: Police Department

Item: Supplemental Appropriation Ordinance for overtime.

Amount: \$200,000

Source of Funds: Narcotics Forfeiture and Asset Seizure Fund

Description: The Police Department is requesting a supplemental appropriation in the total amount of \$200,000 for overtime for uniformed personnel. Of the \$200,000, \$100,000 would be used for a shortfall in the budget for overtime of the Narcotics Unit and the remaining \$100,000 would be used to pay for overtime in connection with a "City-wide Saturation Enforcement Plan".

Narcotics Unit

The Police Department has projected the following budget shortfall in the Narcotics Unit overtime account:

	<u>Overtime</u>
Actual Expenditures 7/1/92 to 4/12/93	\$378,270
Projected Expenditures 4/13/93 to 6/30/93*	<u>71,730</u>
Total Estimated 1992-93 Expenditures	\$450,000
1992-93 Budget	<u>350,000</u>
Projected Shortfall in the Narcotics Unit	\$100,000

* The \$71,730 projected expenditure amount represents the Police Department's intention to limit the number of overtime hours to no more than \$100,000 over the amount included in the 1992-93 annual budget.

Saturation Enforcement Plan

The Police Department advises that the additional \$100,000 requested for the City-wide Saturation Enforcement Plan would be used to pay for overtime for uniformed personnel to provide more intensive Police presence in the Tenderloin, Mission, Northern, and Park Police Districts. These four Districts are being targeted because of their high incidence of drug use and related crime. According to Lieutenant Larry Ryan of the Police Department, the \$100,000 would be used to pay for approximately 757 overtime hours for each of the four Districts, at a cost of approximately \$33 per hour.

Summary

The proposed supplemental appropriation totaling \$200,000 would be used as follows:

Projected Shortfall in the Narcotics Unit	\$100,000
Additional Police Overtime for the City-wide Saturation Enforcement Plan	<u>100,000</u>
Total	\$200,000

Comment: The Police Department advises that while the \$450,000 total projected expenditure for FY 1992-93 for overtime for the Narcotics Unit exceeds the budgeted amount of \$350,000, the \$450,000 is \$96,702 less than the \$546,702 expended for this purpose in Fiscal Year 1991-92.

Recommendation: Approve the proposed ordinance.

Item 6 - File 101-92-70

Department: Police Department

Item: Supplemental Appropriation Ordinance for the Police Department, for Workers' Compensation.

Amount: \$377,859

Source of Funds: General Fund - General Reserve

Description: The Police Department reports that the Employees' Retirement System (ERS) recently projected that the Police Department's Workers' Compensation cost will total approximately \$5,448,916 for FY 1992-93 or \$377,859 less than the \$5,071,057 included in the Police Department's budget for FY 1992-93. Therefore, the ERS has requested that the Police Department submit a supplemental appropriation to pay for the projected \$377,859 shortfall.

Mr. Bob Parmalee of the ERS advises that the ERS's projected shortfall of \$377,859 in the Police Department's Workers' Compensation costs is based on the actual Workers' Compensation costs for the first six months of FY 1992-93. Actual expenditures as of December 31, 1993 totaled \$2,724,458 or an average of approximately \$454,076 per month. Based on an average monthly cost of \$454,076, the full 12 months of FY 1992-93 would be \$5,448,916. As of the writing of this report, the ERS was unable to provide an actual expenditure amount for the Police Department's third quarter expenditures (January 1, 1993 to March 31, 1993) for Workers' Compensation.

Comment: The Police Department notes that while the ERS's projected expenditure of \$5,448,916 for the Police Department's Workers' Compensation costs exceeds the \$5,071,057 budgeted for FY 1992-93, the \$5,448,916 is approximately \$227,399 less than the \$5,676,315 expended for this purpose in FY 1991-92.

Recommendation: Approve the proposed ordinance.



Memo to Budget Committee
May 12, 1993

Item 7 - File 101-92-71

Department: Police Department

Item: Supplemental appropriation ordinance for Permanent Salaries-Miscellaneous and related Mandatory Fringe Benefits for the Senior Escort Program.

Amount: \$336,000

Source of Funds: General Fund - Senior Escort Reserve of \$350,000 established by the Board of Supervisors in the 1992-93 budget.

Description: A reserve of \$350,000 was established by the Board of Supervisors in the 1992-93 budget for Senior Escort Services in order to fund salaries and fringe benefits that were deleted in the 1992-93 budget by the Mayor's Office. The Senior Escort Program has been expending Permanent Salaries in anticipation that the above-described reserve would be used to maintain full staffing throughout the fiscal year. Therefore, at present the Police Department has a projected budgetary shortfall in its Permanent Salaries accounts.

The Police Department has determined that the total projected deficit for salaries and related fringe benefits for the Senior Escort Program is \$336,000, as follows:

	Permanent Salaries- <u>Miscellaneous</u>	Mandatory Fringe <u>Benefits</u>	<u>Totals</u>
Actual Expenditures 7/1/92 - 3/31/93 (18.3 pay periods)	\$1,035,872	\$271,399	\$1,307,271
Projected expenditures 4/1/93 - 6/30/93 (7.8 pay periods)	441,519	115,678	557,197
Projected Salary Savings	<u>(51,649)</u>	<u>(20,086)</u>	<u>(71,735)</u>
	\$1,425,742	\$366,991	\$1,792,733
1992-93 Budget	<u>1,141,720</u>	<u>315,013</u>	<u>1,456,733</u>
Projected Shortfall	\$284,022	\$51,978	\$336,000

Comment: 1. The Senior Escort Program is reducing working hours by a total of 2,896 hours during the period from February 26, 1993 to June 30, 1993, in order to achieve the total projected salary savings of \$51,649 and fringe benefits savings of \$20,086 for total savings of \$71,735 as noted above. Specific Staff hours being reduced by category of staff are as follows: Director, Crime Prevention-64 hours, Asst. Director, Crime Prevention-

64 hours, Supervisor Crime Prevention Worker-248 hours and
Crime Prevention Worker-2,520 hours.

2. The Police Department originally requested a supplemental appropriation of \$350,000, consistent with the amount of the reserve established by the Board of Supervisors, in order to pay for the projected shortfall. However, the Mayor's Office reduced the original request by \$14,000 from \$350,000 to \$336,000. Therefore, \$14,000 remains in the reserve established by the Board of Supervisors.

Recommendation: Approve the proposed ordinance.

Item 8 - File 101-92-72

Department: Department of Public Works, Bureau of Architecture
San Francisco Fire Department
Fine Arts Museum, Palace of the Legion of Honor

Item: Supplemental appropriation ordinance for various capital improvement projects

Amount: \$15,430,000

Source of Funds: 1989 Earthquake Safety Bonds

Description: In November of 1989, San Francisco voters authorized the sale of \$59.7 million of the 1989 Earthquake Safety General Obligation bonds to fund capital improvements to improve earthquake safety in City-owned buildings. In March 1993, the Board of Supervisors approved a resolution (File 170-93-2) which authorized and directed the fourth sale of 1989 Earthquake Safety General Obligation bonds in the amount of \$15,500,000 as Series 1993A for various capital improvement projects. The \$15,500,000 would be used for program and preliminary design work and construction costs of seismic safety improvements at seven Fire Department Stations, the Fire Department Headquarters Building, the Fire Department Ashbury Tank facility and the Palace of the Legion of Honor.

The proposed supplemental appropriation would appropriate \$15,430,000 of the \$15,500,000 proceeds of the fourth sale of 1989 Earthquake Safety Bonds for the following projects:

<u>Fire Station #1</u>	
Design Services (DPW)	\$348,600

<u>Fire Station #7</u>	
Design Services (DPW)	183,000
Construction Administration (BOA)	45,000
Construction Costs	148,600

<u>Fire Station #11</u>	
Design Services (DPW)	107,000
Construction Administration (BOA)	31,000
Construction Costs	454,200

<u>Fire Station #15</u>	
Design Services (DPW)	138,000
Construction Administration (BOA)	40,000
Construction Costs	588,500

<u>Fire Station #21</u>	
Design Services (DPW)	\$108,000
Construction Administration (BOA)	32,000
Construction Costs	461,200
 <u>Fire Station #31</u>	
Construction Costs	1,999,252
 <u>Fire Station #38</u>	
Design Services (DPW)	146,000
Construction Administration (BOA)	43,000
Construction Costs	627,500
 <u>Fire Department Ashbury Tank Facility</u>	
Design Services (DPW)	39,000
Construction Administration (BOA)	11,000
Construction Costs	153,300
 <u>Fire Department Headquarters Building</u>	
Construction Costs	3,620,848
 <u>Fine Arts Museum, Palace of the Legion of Honor</u>	
Construction Costs	6,105,000
 Total	\$15,430,000

Comments:

1. The proceeds of Issues 1, 2 and 3 of the 1989 Earthquake Safety Bonds total \$33.1 million. The \$15.5 million proceeds of Issue 4 (a portion of which is the subject of this legislation), when added to the \$33.1 million totals \$48.6 million of the \$59.7 million authorized amount of 1989 Earthquake Safety Bonds.
2. As the result of a competitive bid process, the Fine Arts Museum has selected the construction firm of Hensel Phelps Construction Company as the lowest of five bidders for the Palace of the Legion of Honor construction. Neither Hensel Phelps Construction Company nor any of the other four bidders are MBE or WBE firms. The Hensel Phelps Construction Company bid was \$18,478,000. However, other sources of funding will partially pay for this project as follows:

FEMA Funds	\$119,000
Previously Appropriated 1989 Earthquake Safety Bonds Proceeds (Ordinance #333-90)	240,264
Fine Arts Museum Private Donations	<u>12,013,736</u>
Total Other Funding Sources	\$12,373,000
Hensel Phelps Construction Company Bid	<u>18,478,000</u>
Proposed Funding for the Palace of the Legion of Honor Construction Costs	\$6,105,000

3. The Bureau of Architecture indicates that contractors have not yet been selected for construction at the Fire Department's Stations and facilities. Therefore, \$8,053,400 for construction costs at the seven Fire Stations, the Fire Department's Ashbury Tank Facility and the Fire Department Headquarters Building should be reserved pending selection of the construction contractors and determination of cost details and MBE/WBE status.

Recommendation: Amend the proposed supplemental appropriation ordinance to reserve \$8,053,400 for construction costs at the seven Fire Stations, the Fire Department's Ashbury Tank Facility and the Fire Department's Headquarters Building, pending selection of the construction contractors, determination of cost details and the MBE/WBE status of the contractors. Approve the proposed supplemental appropriation ordinance as amended.

Item 9 - File 101-92-73

Department: Department of Public Works
Recreation and Park Department, Marina Yacht Harbor,
Marina Green

Item: Supplemental appropriation ordinance for a capital improvement project to fund a ten percent overage in accordance with Charter Section 7.203, providing for ratification of action previously taken.

Amount: \$62,017

Source of Funds: 1990 Earthquake Safety Bonds

Description: The proposed \$62,017 supplemental appropriation would be used to pay for project modifications, which exceeded the original contract amount by more than ten percent, for making repairs of earthquake damage to the Marina Green at the Marina Yacht Harbor. Charter Section 7.203 requires authorization of the Board of Supervisors if the final construction cost of the work, whether performed by contractual services or by the City in conjunction with such services, is increased by more than ten percent of the original contract amount.

During the Loma Prieta earthquake of 1989, various facilities at the Marina Yacht Harbor were damaged. The Marina area is constructed on landfill and sustained substantial damage during the Loma Prieta earthquake including the rising, cracking and subsiding of pavement and curbs. The Marina Green earthquake repair project included removing and replacing sidewalks, concrete curbs and gutters, asphalt paving, replacing the drainage system and providing curb ramps for disabled access.

The earthquake damage to the Marina Green was initially assessed after the earthquake and a contract for the repairs was awarded in the amount of \$868,729. However, the pavement areas continued to rise and subside after the initial assessment had been completed. As a result of the additional damage and the presence of previously unknown conditions in the landfill supporting the pavement that required additional work, the contract was amended to add change orders totalling \$148,890 or 17.1 percent more than the contract amount of \$868,729. The \$148,890 in additional repair work is detailed in the attachment.

The proposed supplemental appropriation ordinance would fund the cost of additional earthquake repairs required at the Marina Green as follows:

Original Contract for Earthquake Repairs at the Marina Green	\$868,729
Change Orders for Additional Repairs	<u>148,890</u>
Revised Contract Including Change Orders	\$1,017,619
Previously Appropriated Funding:	
Original Contract Amount	\$868,729
Contract Contingency (10%)	<u>86,873</u>
Total Funding Available	<u>955,602</u>
Excess of Revised Contract over Available Funding—Subject of Proposed Supplemental Appropriation Ordinance	\$62,017

Comment:

The earthquake repairs to the Marina Green were completed on October 16, 1992. The proposed supplemental appropriation would reimburse monies that have already been expended by DPW in order to perform all of the earthquake repairs, including the additional repairs, at the same time. Therefore, the proposed supplemental appropriation ordinance provides for the ratification of action previously taken.

Recommendation: Approve the proposed supplemental appropriation ordinance.

John E. Cribbs
February 11, 1993
Page 2

<u>Description</u>	<u>Cost</u>
1. Provide additional trenching and piping to drain the parking area properly; constructing a variable height concrete curb to accommodate undulations in the paving caused by the earthquake; removing undocumented subsurface rubble; providing extra labor for working around undocumented subsurface utilities.	\$ 43,176
2. Provide additional work to remove subsurface concrete structures encountered; removing and replacing additional asphalt paving to provide proper drainage; moving undocumented utilities to prevent construction conflict; phasing the work at the parking area to allow for more public access and parking; providing additional striping work to clearly delineate parking areas.	43,697
3. Removing and reconstructing a large area of concrete sidewalk which had subsided and developed large cracks; providing a 6" concrete curb along the edge of the seawall to provide a warning edge for disabled users; providing additional fill material to provide proper elevations for new paving; providing additional grading to properly drain various parking areas.	62,017
Total:	<u>\$148,890</u>



Item 10 - File 97-93-25

1. The proposed ordinance would amend the San Francisco Administrative Code by adding Sections 10.7-2 through 10.7-3 to require the Controller to allocate property taxes collected in the City and County in accordance with the laws governing apportionment during fiscal year 1992-93.

2. The proposed ordinance finds that the State has expressed its intent to take approximately \$2.6 billion of property taxes collected in California counties in fiscal year 1993-94 and use those funds to pay a part of the State's portion of school funding or to pay other State expenses. The Controller's Office indicates that approximately \$70.0 million of the \$2.6 billion statewide would come from the City and County of San Francisco. Should the State be successful in taking \$70.0 million from San Francisco, the resulting \$70.0 loss of property taxes for fiscal year 1993-94 would be apportioned to the San Francisco Unified School District, the San Francisco Community College District, the Bay Area Rapid Transit District (BART), the Bay Area Air Quality Control District and the City and County of San Francisco.

3. Before the passage of Proposition 13 in 1978, the total property tax revenues collected by a county for each fiscal year, in addition to providing for the county's operations, were apportioned to school districts, special districts and cities within the county. For the City and County of San Francisco, the property tax revenues collected were apportioned to the San Francisco Unified School District, the San Francisco Community College District, the Bay Area Rapid Transit District (BART), the Bay Area Air Quality Control District and the City and County of San Francisco. After passage of Proposition 13, the total property tax revenues collected by the City and County continued to be apportioned in the same ratio as before Proposition 13 as required by Assembly Bill Eight (AB 8 - the "bailout bill") but total property tax revenues to be apportioned among the five governmental entities decreased significantly.

4. Proposition 98 enacted in 1988 requires the State to fund all of the State's school districts at a minimum level based on the funding level of the districts in fiscal year 1987-88. Because of the State's current fiscal crisis, the State's intent in taking the \$2.6 billion from the counties is to use this funding to meet the State's obligation under Proposition 98 or to meet other State funding requirements.

5. In 1992, the State Legislature amended the California State Revenue and Taxation Code to change the apportionment requirements of AB 8 in order to allow the State to take some of the California counties' property tax revenues collected in fiscal year 1992-93 for State purposes. The City and County of San Francisco lost approximately \$53.0 million in property tax revenues to the State as a result of this change in the Revenue and Taxation Code in fiscal year 1992-93. The Governor's proposed State budget again contemplates taking local property tax revenues in fiscal year 1993-94.

6. Although Proposition 13 allows the State Legislature to specify how the property tax revenues collected in a county are to be apportioned to the districts,

cities and county operations, the proposed ordinance finds that Proposition 13 did not contemplate that property taxes would be taken for State purposes or would be apportioned in a manner inconsistent with the home rule provisions of the California State Constitution. (Article XI, Section 7 of the State Constitution authorizes counties to adopt regulations and provide the services required for basic health, safety and general welfare of its citizens.) This home rule provision of the State Constitution, according to the proposed ordinance, means that property taxes collected by the City and County of San Francisco are intended for use in and for the benefit of the citizens of the City and County of San Francisco.

7. In summary, the proposed ordinance finds that the State's intended action would:

- constitute an illegal confiscation of the property taxes of the City and County of San Francisco,
- such action would prevent the City and County from providing for the essential health, safety and general welfare of its citizens,
- would prevent the meaningful home rule guaranteed by the California Constitution,
- would violate the schools funding scheme of Proposition 98 by requiring the City and County to pay a substantial part of the State portion of school funding,
- would violate Section 6 of Article XIII B of the State Constitution by mandating increased local agency funding of schools without State reimbursement, and
- would be in excess of the power given to the State Legislature in Section 1(a) of Article XIII A (the legislation to effect Proposition 13) of the State Constitution lawfully to apportion property taxes among the local agencies of the City and County of San Francisco.

8. According to the proposed ordinance, the City and County of San Francisco determines that it is necessary to take action to prevent the intended State confiscation of the property taxes to be collected in the City and County of San Francisco for fiscal year 1993-94. In order to accomplish this, the proposed amendment to the Administrative Code provides that for the fiscal year 1993-94, the Controller shall apportion property taxes among the San Francisco Unified School District, the San Francisco Community College District, the Bay Area Rapid Transit District, the Bay Area Air Quality Control District and the City and County of San Francisco "in the manner such apportionment was made for fiscal year 1992-93."

Comment

Mr. Burk Delventhal of the City Attorney's Office states that there are questions as to the legality of the proposed amendment to the Administrative Code.

Recommendation

Approval of the proposed ordinance to amend the Administrative Code to require the Controller to apportion the fiscal year 1993-94 property tax revenues in the same manner as was done for fiscal year 1992-93 is a policy matter for the Board of Supervisors.

Items 11 and 12 - File 127-93-1 and 62-93-2

Note: These items were continued by the Budget Committee at its meeting of May 5, 1993.

Item: Ordinance amending Part III, San Francisco Municipal Code, by amending Section 802 thereof, increasing the rate of the Stadium Operator Admission Tax from \$.50 to \$1.50 on tickets sold at \$25.02 or more (File 127-93-1)

Ordinance approving a lease amendment entered into between the City and County and the San Francisco 49ers, which would change the formula by which food and beverage concession revenues are allocated to the City and the 49ers (File 62-93-2).

Description: At the present time, the 49ers pay the City 15 percent of all food and beverage concession revenues generated at 49ers football games. The proposed ordinance (File 62-93-2) would result in the 49ers keeping the 15 percent in food and beverage concession revenues now being paid to the City.

The Mayor's Office has proposed that since the \$1.00 surcharge on all tickets sold by the 49ers, which was used for improving Candlestick Park, expired on December 31, 1992, the City could increase the Stadium Operator Admission Tax by that same \$1.00, from \$.50 to \$1.50 (File 127-93-1), enabling such tax revenues to accrue to the City, and enabling the 49ers to maintain the same ticket price for the 1993 football season. Therefore, the ticket purchasers will pay the same price for the tickets in 1993 as they had been paying in 1992.

It is the contention of the Mayor's Office and the 49ers that such increased Stadium Operator Admission Tax revenues to the City will more than offset the 15 percent in food and beverage concession revenues now being paid to the City, which the 49ers would keep under the proposed ordinance (File 62-93-2). However, whether the City would realize more, less, or equal revenues under such a proposal, compared to the City's current lease agreement with the 49ers, will depend on the formula which is used to calculate the reduced amount of such food and beverage concession revenues which would accrue to the City, in relationship to the proposed \$1.00 increase in the Stadium Operator Admission Tax which the City would gain.

The Budget Analyst has therefore addressed the following question:

- How would the City's financial position change if the City were to (a) forego its current 15 percent share of total gross receipts from 49ers food and beverage concession sales, and instead (b) receive a more limited share of such revenues and (c) impose a \$1.00 increase in the Stadium Operator Admission Tax?

The Budget Analyst has evaluated the formula stipulated in the proposed ordinance (File 62-93-2) for the allocation of a reduced share of concession revenues to the City, in response to the proposed \$1.00 increase in the Stadium Operator Admission Tax. In the judgment of the Budget Analyst, the formula should result in the City receiving revenues under the proposed lease amendment which are at least equal to the revenues which the City is currently entitled to receive (see Comment 5).

In addition to amending the formula for the allocation of 49ers food and beverage concession revenues to the City, the proposed ordinance would eliminate, through 2007, the City's ability to generate additional revenue from a Stadium Operator Admission Tax of more than \$1.50 on 49ers tickets, by requiring that the City pay a rent credit to the 49ers which is equal in amount to the amount of any new revenues raised by a further increase in the tax above \$1.50. Therefore, the proposed ordinance presents the following policy decision for the Board of Supervisors:

- Should the City limit, through 2007, its future opportunities to increase the Stadium Operator Admission tax on 49ers tickets above \$1.50, by agreeing to offset the 49ers rent payments which are presently due to the City in an amount equal to any new Stadium Operator Admission Tax revenues which are generated from a higher tax, above \$1.50, on the sale of 49ers tickets?

The proposed ordinance (File 127-93-1) would amend the Administrative Code by increasing by \$1.00 the amount of the Stadium Operator Admission Tax on tickets priced at \$25.02 or more, from \$.50 to \$1.50.

Comments:

1. At the present time, the City receives a 15 percent share of all food and beverage concession revenues generated at 49ers football games. The proposed ordinance would change the formula for the allocation of these concession revenues to permit the City to receive Stadium Operator Admission Tax revenues, in lieu of food and beverage concession revenues,

up to the point where the revenues from either source would be equal. Beyond this point, the proposal provides for the City to continue to receive its current share (15 percent), or an increased share,¹ of concession revenues.

Specifically, the proposed ordinance provides for the City to receive, on an annual basis, 15 percent of the gross receipts from food and beverage concession sales which exceed \$4.55 million, rather than the City's current annual allocation of 15 percent of the gross receipts from all food and beverage concession sales. This \$4.55 million floor, which must be reached before the City will again receive a share of food and beverage concession revenues, is equivalent to foregone concession revenues, at the City's current 15 percent share of total gross receipts, of \$682,500 (equal to 15 percent of \$4.55 million). This amount of \$682,500 is roughly equivalent to approximately \$680,000 which would be generated annually from the proposed \$1.00 increase in the Stadium Operator Admission tax on approximately 680,000 49ers tickets which are sold annually.

2. Although there appears to be an equivalence between the approximately \$680,000 in proposed new annual Stadium Operator Admission Tax revenues which the City would receive (based on a \$1.00 tax increase on 680,000 49er tickets sold annually) and the approximately \$682,000 in annual food and beverage concession revenues which the City would forego (by raising the level at which it would receive a 15 percent share of concession revenues, from \$0 to \$4.55 million), this analysis does not consider all of the pertinent factors over the 15-year remaining term of the 49ers Candlestick Park lease with the City. (The current lease with the 49ers is scheduled to expire on May 31, 2008.)

The reason why the future anticipated increased Stadium Operator Admission Tax revenues which are proposed cannot be properly compared with the future anticipated food and beverage concession revenues under the current lease is that such revenues which the City is expected to receive and forego under the proposal, over a 15 year period, cannot be directly compared. The effects of inflation, and different assumptions concerning the projected growth of the food and beverage concession revenues which the City would forego, will affect the net benefit to the City of substituting a \$1.00 increase in the Stadium Operator Admission Tax for the

¹ The City would receive a 2 to 6 percent share of all concession revenues, beginning in 1999, if 2 to 6 percent of all food and beverage concession revenues exceeded 15 percent of such gross receipts above \$4.55 million.

City's current 15 percent share of all food and beverage concession revenues at 49ers games.

For example, each \$1.00 of new Stadium Operator Admission Tax revenue will decrease in value over time, due to the effects of inflation. At a 4 percent annual rate of inflation, each \$1.00 in Stadium Operator Admission Tax revenues will have a value of only \$0.96 after one year, and only \$0.56 after 15 years, when the current 49ers lease expires in 2008.

By the same reasoning, at an inflation rate of 4 percent, \$680,000 in Stadium Operator Admission Tax revenues received in 2007 will have a real value of only \$377,580, when expressed in 1992 dollars.

Expressing a stream of revenues in constant dollars would provide a common unit of measurement with which to compare funds which are received in different years, and which otherwise could not be directly compared.

3. According to the Recreation and Park Department, the City's 15 percent share of the 1992 gross food and beverage concession receipts of approximately \$2.9 million would have been approximately \$435,000.

As noted previously, a Stadium Operator Admission Tax increase of \$1.00 per 49er ticket would generate approximately \$680,000 annually. The proposed new Stadium Operator Admission Tax revenues of \$680,000 would appear to compare favorably with foregone concession revenues (based on 15 percent of 1992 gross receipts of \$2.9 million) of \$435,000.

However, if food and beverage concession revenues generally increase at a rate at least equal to the rate of inflation, their real value will not decrease over time. Thus, the share of the food and beverage concession revenues which the City can expect to receive in 2007, under the current lease, will have a value at least equal to their current value (in 1992 dollars) of \$435,000. As previously noted, the value of \$680,000 in greater Stadium Operator Admission Tax revenues received in 2007 will be only \$377,580, when expressed in 1992 dollars. In the year 2007, therefore, it would be better financially for the City to receive its current 15 percent share of food and beverage concession revenues (valued at \$435,000 in constant dollars, if concession revenues grow at the rate of inflation) rather than

the proposed \$680,000 in Stadium Operator Admission tax revenues (valued at only \$377,580 in constant dollars).²

Based on this type of present value analysis, the Budget Analyst has evaluated the proposal to forego the City's share of food and beverage concession revenues, until the gross receipts from concession sales at 49ers games reach \$4.55 million (as stipulated in the proposed lease amendment), and to offset the foregone revenues by a \$1.00 increase in the Stadium Operator Admission Tax.

The results of this analysis are discussed in Comment 5, below.

4. An additional consideration in deciding whether to substitute increased Stadium Operator Admission Tax revenues for the City's current share of food and beverage concession revenues is that food and beverage concession sales are expected to increase at Candlestick Park in the 1993 football season, due to (1) an expansion in the number of seats at Candlestick Park by 2,400 seats, from approximately 64,100 in 1992 to approximately 66,500 in 1993; (2) recent renovations to increase capacity and to modernize the Candlestick Park concession facilities; and (3) an increased variety and improved quality in the types of food and beverages which will be sold, including items which will be sold at higher prices than the food and beverage items sold in 1992. It should be noted that seating capacity for 49ers games is expected to further increase by 1,500 seats from 66,500 to 68,000 in 1994.

Mr. Phil Arnold of the Recreation and Park Department guesses that, as a result of these recent modifications of food and beverage concession capacity, food and beverage concession sales at 49ers games could increase by as little as 5 percent and as much as 20 percent in 1993 over 1992 levels. However, Mr. Arnold emphasizes that these percentages are "guesses" and that the Recreation and Park Department cannot precisely estimate the expected percentage increase in food and beverage concession sales in 1993 and beyond, over 1992 levels.

The Budget Analyst notes that, as food and beverage concession revenues increase, a 15 percent share becomes more valuable relative to the proposed increase in the

² If food and beverage concession revenues increase at an annual rate higher than the inflation rate, the difference between a share of the food and beverage concession revenues and the proceeds of the Stadium Operator Admission Tax revenues in 2007 would be greater than that shown in this example, resulting in a greater loss to the City.

Stadium Operator Admission Tax. To the extent that actual food and beverage concession sales are expected to increase, the City should be less willing to substitute fixed Stadium Operator Admission tax proceeds for a percentage of food and beverage concession revenues.

5. In the estimate of the Budget Analyst, the City would not be assured of receiving revenues, under the proposed ordinance, which would be at least equal to the City's current 15 percent share of food and beverage concession revenues. This conclusion is based on present value analysis of the stream of revenues which would be generated under the current lease amendments and under the proposed lease amendments, using different estimates of the growth of food and beverage concession revenues at Candlestick Park.

Specifically, the Budget Analyst believes that, in order to ensure that the City would receive revenues under the proposed lease amendment which are at least equal to the City's current 15 percent share of all food and beverage concession revenues, the proposal should reflect that the City would again receive a share of the food and beverage concession revenues when total gross receipts from food and beverage concession sales reach the level of \$3,985,000, rather than \$4.55 million, as proposed in the legislation (the basis for the Budget Analyst's lower estimate is discussed at Comment 10).

However, because the point at which the City would "breakeven" is a function of the inflation rate and the expected percentage increase in concession revenues in future years, and because the inflation rate and the percentage increase in food and beverage concession revenues cannot be estimated with certainty, it is not certain whether or not the breakeven point of \$4.55 million, as contained in the proposed lease amendment, is correct, or whether a breakeven point of \$3,985,000, as computed by the Budget Analyst, is correct.

The following table reflects the results of the present value analysis, under different assumptions concerning the growth of food and beverage concession revenues and the alternative "break even" points of \$3,985,000 or \$4.55 million, and assuming an annual inflation rate of 4 percent:

Results of Present Value Analysis of
Current v. Proposed Revenues
1993-2007

NET CHANGE IN CITY POSITION
IF PROPOSAL IS ACCEPTED
(1992 dollars)

Estimated real growth of food and beverage concession revenues (pct.)				Increase (Decrease) in City revenues as a function of a "breakeven" point	
1993	1994	1995	1996-2007	\$3,985,000	\$4,550,000
1.00%	1.00%	0	0	\$767,530	\$767,530
5.00%	2.50%	0	0	482,629	469,192
10.00%	2.50%	0	0	263,789	191,284
15.00%	2.50%	0	0	104,530	(86,624)
20.00%	2.50%	0	0	(773)	(352,054)

As shown above, if food and beverage concession revenues only increased by 1 percent between 1992 and 1993 (in real growth, or by 5 percent overall at an estimated annual inflation rate of 4 percent), then the City would realize additional revenues over the life of the lease with the 49ers (through 2007), of \$767,530. However, if the high-end guess of 20 percent materializes in 1993, then the City would lose revenues of \$352,054 under the proposed lease amendment. These percentages assume a 1 percent to 2.5 percent increase in 1994, and no real increases in concession revenues from 1995 through 2007.

The calculations which were used to develop the estimates shown above appear as Attachment 1 to this report.

6. As shown in the table above, at a 5 percent increase in food and beverage concession revenues in 1993, the City would realize \$482,629 in new revenues over 15 years at a breakeven point of \$3,985,000, and \$469,192 at a breakeven point of \$4.55 million, or a difference of only \$13,437, over 15 years (an average of \$896 per year), in the projected outcome for the City. Thus, at lower levels of projected food and beverage concession revenue growth, the choice of the breakeven point

does not significantly influence the change in the City's financial position under the proposal.³

7. In contrast, at a higher level of projected growth in food and beverage concession revenues, the breakeven point becomes more significant in determining the net change in the City's financial position under the proposal, compared to the current lease agreement with the 49ers. For instance, as shown in the table above, a 20 percent increase in 1993 over the 1992 food and beverage concession gross receipts would result in the City losing revenues of \$352,054 under the proposed lease amendment over 15 years (an average of \$23,470 per year), compared to a loss of \$773 if the breakeven point were \$3,985,000.

8. The estimated change in the City's financial position, if the proposal is accepted, is also sensitive to the inflation rate which is used to estimate the decrease in the real value of \$680,000 received annually, in proposed new Stadium Operator Admission Tax revenues, over a 15 year period. For instance, as shown above, if the real growth of food and beverage concession revenues is 10 percent in 1993, 2.5 percent in 1994, and zero between 1995 and 2007, the City would gain \$263,789 at a breakeven point of \$3,985,000 and gain \$191,284 at a breakeven point of \$4.55 million, based on a 4 percent inflation rate.

However, at the same rate of growth in food and beverage concession revenues, but at an annual inflation rate of 6 percent, rather than 4 percent, the City would lose \$86,593 over 15 years at a breakeven point of \$3,985,000, rather than gaining \$263,789, and would lose \$589,462 over 15 years at a breakeven point of \$4.55 million, rather than gaining \$191,284. This is because, at a higher inflation rate, the proposed tax revenues would lose their "purchasing power" at a faster rate.

9. Based on the present value analysis summarized above, the Budget Analyst calculates that the breakeven point for a substitution of the revenues from a \$1.00 increase in the Stadium Operator Admission Tax for the City's 15 percent share of concession revenues should be established at \$3,985,000, rather than \$4.55 million, representing the level of

³ This is because, at a projected 1993 increase of only 5 percent in food and beverage concession revenues, the value of the City's current 15 percent share of concession revenues would not increase sufficiently over time to "outweigh" the value of the proposed Stadium Operator Admission Tax revenues. As noted previously, a 15 percent share of 1992 concession revenues would be only \$435,000, compared to \$680,000 which would be realized from the proposed Stadium Admission Tax revenues.

total gross receipts from food and beverage concession sales at which the City would again receive a share of food and beverage concession revenues. However, as previously noted, the true breakeven point, at which the proposed tax revenues and a 15 percent share of concession revenues would be exactly equal, will depend on the inflation rate and the real growth in concession revenues, and therefore cannot be determined with certainty.

10. The Budget Analyst has calculated the lower \$3,985,000 breakeven point on the basis of all revenues which are included in the proposal, rather than by only comparing the proposed Stadium Operator Admission tax revenues with the City's current 15 percent share of food and beverage concession revenues.

Specifically, if the former \$1.00 ticket surcharge (which has expired) were incorporated in the 49ers ticket price, rather than in the Stadium Operator Admission tax, the additional \$1.00 charged for each ticket would generate \$680,000 in increased ticket revenues, of which, under the current lease with the 49ers, the City would receive 10 percent, or \$68,000.

Therefore, the proposal entails that the City would receive \$680,000 in new Stadium Operator Admission Tax revenues in exchange for foregoing both its current 15 percent share of total gross receipts of food and beverage concession revenues (up to the breakeven point) and an additional \$68,000 in revenues which would also accrue to the City under the current lease, based on the City's 10 percent share of a \$1.00 increase in the price of a 49ers ticket. Therefore, the amount of new net revenues, under the proposal, would be only \$612,000, and, if the City is to "breakeven," it should forego concession revenues equal to \$612,000, rather than \$680,000. This would entail that the City forego its current 15 percent share of concession revenues only until gross receipts from concession sales reach \$4,080,000 (15 percent of \$4,080,000 is \$612,000).

The Budget Analyst has further decreased the breakeven point from \$4.08 million to \$3,985,000, to adjust for the fact that \$680,000 in proposed new Stadium Operator Admission Tax revenues would diminish in value over time, as the result of inflation, whereas concession revenues are generally expected to increase at least at the rate of inflation, and therefore would maintain the same "purchasing power" over time. In other words, the City would again receive a share of concession revenues at an earlier point, in order to compensate for the loss of value of the Stadium Operator

Admission Tax proceeds resulting from inflation, using an estimated annual inflation rate of 4 percent.

11. As stated previously, the proposed ordinance (File 62-93-2) provides that, if a Stadium Operator Admission Tax greater than \$1.50 is imposed on the sale of 49ers tickets, the City would be required to reduce the 49ers rent payments to the City in an amount equal to the tax collected by the City in excess of \$1.50 per ticket. In effect, this provision would eliminate the City's ability, through the expiration of the current lease in May, 2008, to generate new revenues from any further increase in the Stadium Operator Admission Tax on the sale of 49ers tickets.

The Budget Analyst believes that whether the 49ers should be granted a rent credit against any future increases in the Stadium Operator Admission Tax (above the current proposed tax of \$1.50) is a policy matter for the Board of Supervisors. As previously noted, each \$1.00 increase in the Stadium Operator Admission Tax on the sale of 49ers tickets will generate new revenues to the City of approximately \$680,000 annually.

12. In response to the Budget Analyst's analysis of this proposal, the 49ers have submitted information which indicates that the 49ers have experienced a loss of ticket revenues which they otherwise would have received, if the City had performed certain improvements to Candlestick Park, in accordance with a 1985 lease amendment previously approved by the Mayor and the Board of Supervisors.

Specifically, the 49ers indicate that the City did not construct approximately 22 new luxury boxes and approximately 4615 additional seats at Candlestick Park prior to January, 1990. As a result, the 49ers estimate that they have not realized approximately \$23.4 million in ticket sales which they would otherwise have realized if these improvements had been made.

A copy of the memorandum submitted by the 49ers to the Budget Analyst is attached to this report as Attachment 2.

13. In response to the 49ers memorandum, Mr. Arnold agrees that the City did not construct all of the seats which it agreed, under the 1985 lease amendment, to construct prior to January, 1990. However, Mr. Arnold indicates that the estimated revenue loss to the 49ers should be calculated on the basis of 4,000 seats (rather than 4,615) which were not added in time for the 1990, 1991, and 1992 football seasons,

and based on net proceeds to the 49ers from ticket sales for these seats of \$16.75 per seat, rather than \$35.75, as shown in the 49ers memorandum, since the \$35.75 ticket price includes local taxes and ticket proceeds which are paid to other football teams. Mr. Arnold also indicates that whether the City has or has not provided the required number of luxury boxes is subject to different interpretations of the 1985 lease amendment.

The Budget Analyst has not attempted to evaluate in detail the relative merits of the points raised by the 49ers or Mr. Arnold concerning earlier lease amendments. However, the Budget Analyst believes that the concerns raised by the 49ers should be considered by the Board of Supervisors in reaching new lease agreements which will affect the allocation of revenues between the City and the 49ers.

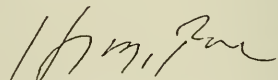
14. As discussed above, the proposal to amend the formula for the allocation of 49ers food and beverage concession revenues has been presented as a companion measure to the proposed ordinance (File 127-93-1) to increase the Stadium Operator Admission Tax for tickets priced at \$25.02 or more by \$1.00, from \$.50 to \$1.50. The proposed \$1.00 increase would apply to all 49ers tickets, which currently are priced at \$33.50 each.

However, the proposed ordinance (File 62-93-2), which would enact the proposed new formula for the allocation of food and beverage concession revenues, does not reflect that the reallocation would be contingent upon a \$1.00 increase in the Stadium Operator Admission Tax. Therefore, the Budget Analyst recommends that the proposed lease amendment, which is the subject of the proposed ordinance (File 62-93-2), be amended to reflect that the proposed reallocation of concession revenues would be contingent upon a \$1.00 increase in the Stadium Operator Admission Tax.

In summary, because the point at which the City would breakeven is a function of the inflation rate and the expected percentage increase in concession revenues in future years, and because the inflation rate and the percentage increase in food and beverage concession revenues cannot be estimated with certainty, it is not certain whether or not the breakeven point of \$4.55 million, as contained in the proposed lease amendment, is correct, or whether a breakeven point of \$3,985,000, as computed by the Budget Analyst, is correct.

Additionally, the Budget Analyst believes that the concerns expressed by the 49ers regarding the loss of ticket revenues (see Attachment 2) are relevant in the Board of Supervisors consideration of this proposed legislation.

- Recommendation:**
1. Amend the proposed 49ers lease amendment to reflect that the proposed new formula for the allocation of 49ers food and beverage concession revenues would be contingent on the imposition of a \$1.00 increase in the Stadium Operator Admission Tax.
 2. Approval of the proposed ordinance (File 127-93-1), which would increase the Stadium Operator Admission Tax by \$1.00, from \$.50 to \$1.50, for tickets priced at \$25.02 or more, and approval of the proposed ordinance approving a lease amendment with the 49ers (File 62-93-2, are policy matters for the Board of Supervisors.



Harvey M. Rose

cc: Supervisor Migden
Supervisor Hsieh
President Alioto
Supervisor Achtenberg
Supervisor Bierman
Supervisor Conroy
Supervisor Hallinan
Supervisor Kaufman
Supervisor Kennedy
Supervisor Maher
Supervisor Shelley

Clerk of the Board
Chief Administrative Officer
Controller
Teresa Serata
Barbara Kolesar
Ted Lakey

Year (PV)	0	1	2	3	4	5	6	7	8	9
	base	1993	1994	1995	1996	1997	1998	1999	2000	2001
A. Revenue Assumptions	Real@=>	20.00%	2.50%	0.00%	0.00%					
	CPI@ 4%	24.00%	6.50%	4.00%	4.00%	=>				
Proj. Nominal Growth	2,900,000	3,596,000	3,829,740	3,982,930	4,142,247	4,307,997	4,480,254	4,659,464	4,845,843	5,039,677
Hot dogs (Real)	1.00	1.20	1.23	1.23	1.23	1.23	1.23	1.23	1.23	1.23
(A) 15% of gross receipts above >	4,550,000	0	0	0	0	0	0	16,420	44,376	73,451
Pct. of concession revenues	15.00%								2%	2%
(B) Revenues if x pct. > (A)									96,917	100,794

Year (FY)	10	11	12	13	14	15	Net Revenues Totals
2002	2003	2004	2005	2006	2007		
A. Revenue Assumptions							
CP/Ⓐ							
Proj. Nominal Growth	5,241,264	5,450,914	5,668,951	5,895,709	6,131,537	6,376,799	
Hot dogs (Real)	1.23	1.23	1.23	1.23	1.23	1.23	
(A) 15% of gross receipts above >	103,690	135,137	167,843	201,856	237,231	274,020	
Pct. of concession revenues	2%	4%	4%	4%	6%	6%	
(B) Revenues if x pct. > (A)	104,825	218,037	226,758	235,828	367,892	382,608	

Current v. Proposed Revenue Shares

Year (PV)	0	1	2	3	4	5	6	7	8	9
	base	1993	1994	1995	1996	1997	1998	1999	2000	2001
B. CITY REVENUES										
Proposed Revenues										
Admission tax	680,000	665,000	680,000	680,000	680,000	680,000	680,000	680,000	680,000	680,000
Concessions		0	0	0	0	0	0	16,420	96,917	100,794
Total proposed revenues (nominal)		665,000	680,000	680,000	680,000	680,000	680,000	696,420	776,917	780,794
Current Revenues										
Share of concessions	15.00%	539,400	574,461	597,439	621,337	646,190	672,039	688,920	726,876	755,951
Rental (real '92\$)	68,000	66,500	69,000	68,000	68,000	68,000	68,000	68,000	68,000	68,000
Total current revenues (nominal)	435,000	605,900	642,461	665,439	689,337	714,190	740,038	766,920	794,876	823,951
C. PRESENT VALUE - CITY										
	4%									
Proposed Revenues										
PV of + \$1.00 Adm. tax		639,423	628,698	604,518	581,267	558,910	537,414	516,744	496,869	477,759
PV of concession revenues		0	0	0	0	0	0	12,478	70,816	70,816
PV of total proposed revenues		639,423	628,698	604,518	581,267	558,910	537,414	529,222	567,686	548,575
Current Revenues										
PV of concession revs		519,654	531,121	531,121	531,121	531,121	531,121	531,121	531,121	531,121
PV of Rental ('92\$)		66,500	66,000	68,000	68,000	68,000	68,000	68,000	68,000	68,000
PV of total current revenues		585,154	599,121	599,121	599,121	599,121	599,121	599,121	599,121	599,121
Net Present Value - \$F		54,269	29,577	5,396	-17,856	-40,211	-61,708	-69,900	-31,436	-50,546

Year (PV)	10	11	12	13	14	15	Net Revenues
	2002	2003	2004	2005	2006	2007	Totals
B. CITY REVENUES							
Proposed Revenues							
Admission tax	680,000	680,000	680,000	680,000	680,000	680,000	\$10,185,000
Concessions	104,825	218,037	226,758	235,828	367,892	382,608	\$1,750,078
Total proposed revenues (nominal)	784,825	898,037	906,758	915,828	1,047,892	1,062,608	\$11,935,078
Current Revenues							
Share of concessions	786,190	817,637	850,343	884,356	919,731	956,520	\$11,047,380
Rental (real '92\$)	68,000	68,000	68,000	68,000	68,000	68,000	\$1,018,500
Total current revenues (nominal)	854,190	885,637	918,343	952,356	987,731	1,024,520	\$12,065,880
C. PRESENT VALUE - CITY							
Proposed Revenues							
PV of + \$1.00 Adm. tax	459,384	441,715	424,726	408,380	392,683	377,580	\$7,546,080
PV of concession revenues	70,816	141,632	141,632	141,632	212,449	212,449	\$1,074,721
PV of total proposed revenues	530,200	583,347	566,358	550,023	605,132	590,028	\$8,620,801
Current Revenues							
PV of concession rev's	531,121	531,121	531,121	531,121	531,121	531,121	\$7,954,355
PV of rental ('92\$)	68,000	68,000	68,000	68,000	68,000	68,000	\$1,018,500
PV of total current revenues	599,121	599,121	599,121	599,121	599,121	599,121	\$8,972,855
Net Present Value - SF	-69,922	-15,774	-32,763	-49,099	6,010	-9,093	(\$352,054)

M E M O R A N D U M

TO: HARVEY ROSE

FROM: MURLAN FOWELL

RE: DEFICIENCIES FROM 1985 LEASE AMENDMENT

DATE: MAY 5, 1993

Under the terms of the stadium agreement between the City and County of San Francisco and the San Francisco Forty Niners dated April 24, 1987, which supersedes the agreement dated December 6, 1985, the City agreed to construct the following:

1. Approximately 115 luxury boxes;
2. approximately 8815 additional seats;
3. new concession areas;
4. restrooms;
5. expanded concourses;
6. improved access to the stadium and parking facilities.

The above improvements were to be completed by January, 1990.

To date, 93 luxury boxes have been constructed and it is doubtful that the remaining 22 will be built. Based on current suite prices (\$60,000 per year average), this represents unrealized gross revenues of \$1.32 million per year.

Through the 1992 season, approximately 4200 new seats have been installed and an additional 2300 were installed after the season ended. 1650 seats are scheduled to be installed prior to the 1994 season, for a total of 8150 new seats.

At current ticket prices, unrealized gross revenue from new seats is as follows:

<u>Season</u>	<u>Ticket Price</u>	<u>Seats</u>	<u>Revenue</u>
1990	35.75	4615	164,986
1991	35.75	4615	164,986
1992	35.75	4615	164,986
1993	35.75	2315	82,761
1994	35.75	765	27,348
1995-2008 (13 years)	35.75	765 X 13 years	355,524
			TOTAL REVENUE = 960,591

Total gross revenues not realized under the terms of the 1985 agreement are as follows:

Suite Revenue: \$1.32 million x 17 years =	\$22,440,000
Ticket Revenue:	<u>960,591</u>
Total Unrealized Revenue	\$23,400,591

The above figures are based on 1992 prices and do not take into consideration any increases in prices from 1994 - 2008. At an average 3% increase in prices per year, unrealized gross revenues would be approximately \$35.2 million.

Concourse expansion has not been completed and there has not been any planning or construction of improved access to the stadium and parking facilities. There has actually been a decline in parking due to the expansion of the state park at Candlestick Point. The City has not fully implemented a long-term maintenance plan also required by the lease.

During the term of this agreement, considerable renovation has occurred at Candlestick Park and is ongoing. Due to the agreement between the City and the Forty Niners, a commitment was made to improve then neglected Candlestick Park and vast improvements have been made. The Forty Niners have met all of their obligations under the terms of the lease. Continuing renovation and maintenance will be required in years to come and cooperation between the City and its tenants will be essential.

MCF/jg

cc: Carmen Policy
Keith Simon

0.07
3
2-93
y60

SF Bd of Supervisors

Memo to Budget Committee

Budget Analyst Recommendations

ATTN: Jane Hudson

May 12, 1993 Budget Committee Meeting

REVISED

Item 10 - File 97-93-25

1. The proposed ordinance would amend the San Francisco Administrative Code by adding Sections 10.7-2 through 10.7-3 to require the Controller to allocate property taxes collected in the City and County in accordance with the laws governing apportionment during fiscal year 1992-93.

2. The proposed ordinance finds that the State has expressed its intent to take approximately \$2.6 billion of property taxes collected in California counties in fiscal year 1993-94 and use those funds to pay a part of the State's portion of school funding or to pay other State expenses. The Controller's Office indicates that approximately \$70.0 million of the \$2.6 billion statewide would come from the City and County of San Francisco. Should the State be successful in shifting \$70.0 million in property taxes from the City and County of San Francisco to the San Francisco Unified School District and the Community College District, then the City and County would lose that \$70.0 million in property taxes for Fiscal Year 1993-94.

3. Before the passage of Proposition 13 in 1978, the total property tax revenues collected by a county for each fiscal year, in addition to providing for the county's operations, were apportioned to school districts, special districts and cities within the county. For the City and County of San Francisco, the property tax revenues collected were apportioned to the San Francisco Unified School District, the San Francisco Community College District, the Bay Area Rapid Transit District (BART), the Bay Area Air Quality Control District and the City and County of San Francisco. After passage of Proposition 13, the total property tax revenues collected by the City and County continued to be apportioned in the same ratio as before Proposition 13 as required by Assembly Bill Eight (AB 8 - the "bailout bill") but total property tax revenues to be apportioned among the five governmental entities decreased significantly.

4. Proposition 98 enacted in 1988 requires the State to fund all of the State's school districts at a minimum level based on the funding level of the districts in fiscal year 1987-88. Because of the State's current fiscal crisis, the State's intent in taking the \$2.6 billion from the counties is to use this funding to meet the State's obligation under Proposition 98 or to meet other State funding requirements.

5. In 1992, the State Legislature amended the California State Revenue and Taxation Code to change the apportionment requirements of AB 8 in order to allow the State to take some of the California counties' property tax revenues collected in fiscal year 1992-93 for State purposes. The City and County of San Francisco lost approximately \$53.0 million in property tax revenues to the State as a result of this change in the Revenue and Taxation Code in fiscal year 1992-93. The Governor's proposed State budget again contemplates taking local property tax revenues in fiscal year 1993-94.

6. Although Proposition 13 allows the State Legislature to specify how the property tax revenues collected in a county are to be apportioned to the districts,

**BOARD OF SUPERVISORS
BUDGET ANALYST**

DOCUMENTS DEPT.

MAY 13 1993

SAN FRANCISCO
PUBLIC LIBRARY

cities and county operations, the proposed ordinance finds that Proposition 13 did not contemplate that property taxes would be taken for State purposes or would be apportioned in a manner inconsistent with the home rule provisions of the California State Constitution. (Article XI, Section 7 of the State Constitution authorizes counties to adopt regulations and provide the services required for basic health, safety and general welfare of its citizens.) This home rule provision of the State Constitution, according to the proposed ordinance, means that property taxes collected by the City and County of San Francisco are intended for use in and for the benefit of the citizens of the City and County of San Francisco.

7. In summary, the proposed ordinance finds that the State's intended action would:

- constitute an illegal confiscation of the property taxes of the City and County of San Francisco,
- such action would prevent the City and County from providing for the essential health, safety and general welfare of its citizens,
- would prevent the meaningful home rule guaranteed by the California Constitution,
- would violate the schools funding scheme of Proposition 98 by requiring the City and County to pay a substantial part of the State portion of school funding,
- would violate Section 6 of Article XIII B of the State Constitution by mandating increased local agency funding of schools without State reimbursement, and
- would be in excess of the power given to the State Legislature in Section 1(a) of Article XIII A (the legislation to effect Proposition 13) of the State Constitution lawfully to apportion property taxes among the local agencies of the City and County of San Francisco.

8. According to the proposed ordinance, the City and County of San Francisco determines that it is necessary to take action to prevent the intended State confiscation of the property taxes to be collected in the City and County of San Francisco for fiscal year 1993-94. In order to accomplish this, the proposed amendment to the Administrative Code provides that for the fiscal year 1993-94, the Controller shall apportion property taxes among the San Francisco Unified School District, the San Francisco Community College District, the Bay Area Rapid Transit District, the Bay Area Air Quality Control District and the City and County of San Francisco "in the manner such apportionment was made for fiscal year 1992-93."

5F
90.07
2
-19-93

CALENDAR

Actions Taken

DOCUMENTS DEPT.

MAY 21 1993

SAN FRANCISCO
PUBLIC LIBRARY

MEETING OF
BUDGET COMMITTEE
BOARD OF SUPERVISORS
CITY AND COUNTY OF SAN FRANCISCO

WEDNESDAY, MAY 19, 1993 - 2:00 P.M.

ROOM 228, CITY HALL

PRESENT: SUPERVISORS MIGDEN, HSIEH, ALIOTO

CLERK: KAY GULBENGAY

NOTE: Copies of the Budget Analyst's Report will be available for review on the counter in the Office of the Clerk of the Board, Room 235, City Hall, 10:00 a.m., the date of the meeting.

REGULAR CALENDAR

1. File 127-93-2. [New Jobs Tax Credits] Ordinance amending Part III of the San Francisco Municipal Code by adding Sections 906B and 1005.6 to add credits for newly created jobs to offset business tax and payroll expense tax liabilities. (Supervisors Kaufman, Alioto, Conroy, Kennedy)

5/11/93 - Recommended and transferred from Economic Vitality & Social Policy Committee (Fiscal Impact)

Present: Supervisors Kennedy and Kaufman

Absent: Supervisor Achtenberg

ACTION: Hearing held. Amendment of the whole (as presented by Supervisor Kaufman) adopted. Further amended on page 1 line 15 after "elsewhere" by inserting "The Board of Supervisors encourages businesses to consider the placement of San Francisco residents in jobs which are created or relocated and which result in tax credits as provided in this section."; and on page 3 line 25 after "elsewhere" by inserting "The Board of Supervisors encourages businesses to consider the placement of San Francisco residents in jobs which are created or relocated and which result in tax credits as provided in this section."
Bearing same title. Recommended as amended.

2. File 127-93-3. [Enterprise Zone, Tax Credit] Ordinance amending Section 906A of Article 12-A of Part III of the San Francisco Municipal Code (Payroll Expense Tax Ordinance) by increasing tax credits for persons who maintain a fixed place of business within the San Francisco Enterprise Zone and who create new jobs and hire employees qualified under specified government jobs programs; and amending Section 1005.5 of Article 12-B of Part III of the San Francisco Municipal Code (Business Tax Ordinance) by increasing tax credits for persons who maintain a fixed place of business within the San Francisco Enterprise Zone and who create new jobs and hire employees qualified under specified government jobs programs. (Supervisors Kaufman, Alioto, Conroy, Kennedy)

5/11/93 - Recommended and transferred from Economic Vitality & Social Policy Committee (Fiscal Impact)

Present: Supervisors Kennedy and Kaufman

Absent: Supervisor Achtenberg

ACTION: Hearing held. Recommended.

3. File 101-92-74. [Government Funding] Ordinance appropriating \$64,770,000, Department of Public Works, for various capital improvement projects. RO #92226 (Controller)

ACTION: Hearing held. Amended on page 1 line 2 (in title) after "1992-93" by inserting "placing \$38,117,000 on reserve; and on line 21 by inserting "Sec. 2. Funds in the amount of \$38,117,000 are hereby placed on reserve pending the selection of contractors and determination of their MBE/WBE status, to be released by the Budget Committee."

New Title: "Appropriating \$64,770,000, Department of Public Works, for various capital improvement projects for fiscal year 1992-93; placing \$38,117,000 on reserve."

Recommended as amended.

4. File 101-92-75. [Government Funding] Ordinance appropriating \$19,745, Sheriff Department, for services of other departments-Automotive Maintenance-Central Shops. RO #92247 (Controller)

ACTION: Hearing held. Recommended.

5. File 101-92-83. [Government Funding] Ordinance appropriating \$1,438,506, Sheriff, for capital improvement project (Jail #3 Services Building). RO #92259 (Controller)

ACTION: Hearing held. Amended on page 1 lines 1 (in title) and 11 by replacing "Jail #3 Services Building" with "New Sheriff's Facility."

New Title: "Appropriating \$1,438,506, Sheriff, for capital improvement project (New Sheriff's Facility)."

Recommended as amended.

6. File 101-92-76. [Government Funding] Ordinance appropriating \$173,000, Chief Administrative Officer, for various program project budget (City Attorney and Chief Administrative Officer). RO #92248 (Controller)

ACTION: Hearing held. Recommended.

7. File 101-92-77. [Government Funding] Ordinance appropriating \$77,000, Chief Administrative Officer, for various program project budget (City Attorney and Chief Administrative Officer). RO #92250 (Controller)

ACTION: Hearing held. Recommended.

8. File 101-92-78. [Government Funding] Ordinance appropriating \$230,000, Chief Administrative Officer, for various program project budget (City Attorney and Chief Administrative Officer). RO #92249 (Controller)

ACTION: Hearing held. Recommended.

9. File 101-92-80. [Government Funding] Ordinance rescinding \$1,000,000 equity transfer to the General Fund and reappropriating to the Port Commission Operating Fund, for Fiscal Year 1992-93. RO #92220 (Controller)

ACTION: Hearing held. Recommended.

10. File 97-93-24. [Revolving Fund] Ordinance amending Administrative Code by amending Chapter 10, Article XV, Section 10.169 thereof to reduce San Francisco Port Commission Revolving Fund to \$60,000. (Port Commission)

ACTION: Hearing held. Amended on page 1 line 18 by replacing "\$777,000" with "\$560,000". Bearing same title.
Recommended as amended.

11. File 97-93-26. [Rent Fee] Ordinance amending Administrative Code by amending Section 37A.2(d) to increase the Residential Rent Stabilization and Arbitration Fee from eight to ten dollars. (Supervisor Migden)

ACTION: Hearing held. Recommended.

12. File 218-93-2. [Graffiti] Resolution urging the Mayor to submit to the Board a consolidated graffiti eradication effort under one department (excluding MUNI) in the 1993-94 Budget. (Supervisor Conroy)

ACTION: Continued to call of the chair at the request of sponsor.

13. File 218-93-3. [Graffiti] Resolution urging the Mayor to submit a re-appropriation ordinance which would consolidate city departments' graffiti efforts (excluding MUNI) under one department. (Supervisor Conroy)

ACTION: Continued to call of the chair at the request of sponsor.

14. File 239-93-1. [Tax and Revenue Anticipation Notes] Resolution approving and authorizing the borrowing of funds for Fiscal Year 1993-94 and the issuance and sale of City and County of San Francisco, California, 1993-94 Tax and Revenue Anticipation Notes therefor; approving official statement relating to such notes; authorizing the distribution of an official notice inviting bids in connection with the notes; authorizing public sale of such notes and authorizing other official actions in connection therewith.

ACTION: Hearing held. Amendment of the whole (as presented in committee) adopted.

New Title: "Approving and authorizing the borrowing of funds for Fiscal Year 1993-94 and the issuance and sale of City and County of San Francisco, California, 1993-94 Tax and Revenue Anticipation Notes therefor; approving official statement relating to such notes; authorizing the distribution of an official notice of sale in connection with the notes; authorizing public sale of such notes and authorizing other official actions in connection therewith."

Recommended as amended.

15. File 96-93-1.1. [Surplus Property] Ordinance repealing Ordinance No. 100-93 which authorized and directed the sale of surplus city-owned property known as a portion of Water Department Parcel 55 located at Lake Merced Boulevard and John Muir Drive, which property is currently being leased to the Olympic Club. (Supervisor Hallinan)

ACTION: Hearing held. Tabled.

07

93

102 of
Attached

CITY AND COUNTY



Public Library, Documents Dept.
ATTN: Jane Judson
OF SAN FRANCISCO

DOCUMENTS DEPT.

MAY 18 1993

SAN FRANCISCO
PUBLIC LIBRARY

BOARD OF SUPERVISORS

BUDGET ANALYST

1390 MARKET STREET, SUITE 1025

SAN FRANCISCO, CALIFORNIA 94102 • TELEPHONE (415) 554-7642

May 17, 1993

TO: Budget Committee
FROM: Budget Analyst *Recommendations*
SUBJECT: May 19, 1993 Budget Committee Meeting

Items 1 and 2 - Files 127-93-2 and 127-93-3

Note: These items were transferred from the Economic Vitality and Social Policy Committee for fiscal impact.

Item: Ordinance amending Part III of the Municipal Code to add credits for newly created jobs to offset business tax and payroll expense tax liabilities (File 127-93-2).

Ordinance amending Section 906A of Article 12A of Part III of the San Francisco Municipal Code (Payroll Expense Tax Ordinance) by increasing tax credits for persons who maintain a fixed place of business within the San Francisco Enterprise Zone and who create new jobs and hire employees qualified under specified government job programs; and amending Section 1005.5 of Article 12-B of Part III of the San Francisco Municipal Code (Business (Gross Receipts) Tax Ordinance) by increasing tax credits for persons who maintain a fixed place of business within the San Francisco Enterprise Zone and who create new jobs and hire employees qualified under specified government jobs programs (File 127-93-3).

Description:

File 127-93-2

The proposed ordinance (File 127-93-2) would add new provisions to the Municipal Code to create an exemption from certain business taxes for firms which create new jobs in San Francisco. The proposed ordinance is intended to provide an incentive for businesses to create jobs in San Francisco which otherwise would be located elsewhere, by exempting firms from the payment of business taxes on new jobs which are created in San Francisco.

Businesses currently pay the City either the payroll tax or the gross receipts tax, whichever results in a higher tax liability. The proposed ordinance would provide a business tax credit computed as the amount of payroll taxes which an employer would pay, in the absence of a tax credit, as a result of the new job. The amount of the tax credit for firms which pay the gross receipts tax would nonetheless be calculated on the basis of the payroll taxes which would result from the new position, as if the firm were paying payroll taxes. The tax credit would then be deducted from the firm's actual liability for the payment of payroll or gross receipts taxes.

During the first 12 months after a job is created, the tax credit would equal 100 percent of a firm's payroll tax liability for the new salary and wages. During the second 12 months after a job is created, the tax credit would equal 50 percent of a firm's payroll tax liability for the new salary and wages.

To ensure that the tax credit would not reduce employers' payroll tax liability for existing jobs, the proposed ordinance provides that no firm could pay less in business taxes after the tax credit than a baseline level, known as the "base year liability." The base year liability would be calculated as the employer's highest payroll tax liability, exclusive of tax credits, in any previous tax year since 1992. Under this provision of the proposed ordinance, the tax credit could only apply to the extent that salary and wages in a given tax year have increased over a baseline level established in a previous year.

File 127-93-3

The proposed ordinance (File 127-93-3) would amend existing provisions of the Administrative Code pertaining to business tax exemptions which are currently permitted for jobs which are created in the City's existing Enterprise Zone. In May, 1992, the California Department of Commerce designated

6,357 acres of property in San Francisco as an Enterprise Zone; this area was increased to a total of 7,952 acres in March, 1993. The Enterprise Zone consists approximately of the Bayview Hunters Point, Mission, South of Market, Potrero Hill, Tenderloin, Chinatown, Western Addition, and Haight Ashbury neighborhoods, as well as the Mission Bay Project Area.

Businesses which create jobs in this Enterprise Zone are currently entitled to receive business tax credits, based on the amount of new salary and wages which are added, over a period of five years. The current exemption is calculated at 50 percent of payroll taxes arising from the new position in the first year after a job is created, 40 percent in the second year, 30 percent in the third year, 20 percent in the fourth year, and 10 percent in the fifth year.

The proposed ordinance would extend tax credits for jobs created within the Enterprise Zone for a period of ten years, rather than for only five years, as currently provided. Under the companion proposed ordinance for all jobs created in San Francisco, the tax credit would expire after only two years, for jobs which are not within the Enterprise Zone

In addition, the proposed ordinance would amend the schedule which is currently used to compute tax credits for jobs created within the Enterprise Zone, in order to make the schedule for tax credits within the Enterprise Zone comparable, during the first year of new employment, to the tax credit provisions of the companion proposed ordinance (File 127-93-2), and to provide, beginning in the second year of new employment, higher tax credits for jobs created within the Enterprise Zone than the tax credits which would apply (File 127-93-2) for jobs created in other areas of the City (see Comment 11).

Comments:

File 127-93-2

1. The proposed ordinance (File 127-93-2) is intended to provide an incentive for employers to create jobs in San Francisco that they would not otherwise locate in San Francisco because of the business tax. However, the effect of the proposed ordinance would be to exempt from payroll taxes all new jobs which were created after the effective date of the ordinance, including some jobs which might be created even if there were no tax credit incentives. Therefore, it is probable that the City could experience some loss of business tax revenue in future years for jobs that would be created,

and for which taxes would be paid, even if there were no tax credit.

This can be seen most easily in the following table, which reflects the effect on the City's business tax of different job creation and job loss scenarios, with and without the proposed tax credit:

<u>Job Creation/Loss Scenario</u>	<u>Without tax credit</u>	<u>With tax credit</u>
(1) Existing jobs which stay	Continued tax revenues	Continued tax revenues
(2) Existing jobs lost in the future	Decline in tax revenues	Decline in tax revenues
(3) Jobs coming to San Francisco with or without a tax credit	New tax revenues	No tax revenues in first 1.5 years per job
(4) Jobs which would not come to San Francisco unless a tax credit is granted	No tax revenues (since these jobs would not be created in the absence of a tax credit)	No tax revenues in first 1.5 years per job; new tax revenues after the tax credit expires

This table reflects that, under the proposed ordinance, business taxes would not be affected for the City's existing jobs (scenarios (1) and (2)).

However, the City would experience a loss of business tax revenues (equal to 100 percent of applicable taxes in the first year and 50 percent of applicable taxes in the second year after a job is created) for new positions which employers are expected to establish in San Francisco out of business necessity, whether or not a tax credit is established (scenario (3)). Thus, the City would experience a loss of business tax revenues, which it otherwise would expect to receive, equal to 100 percent of the tax liability for the first year of each job and 50 percent of the tax liability during the second year of each job.

The table also reflects that the City could not experience a loss of tax revenue from jobs that would only be created as a result of the tax credit (scenario (4)), since, if the City did not provide the tax credit, these jobs would not (by definition) be created in San Francisco. However, any jobs created in San Francisco in response to the tax credit (scenario (4)) would be liable for 50 percent of applicable business taxes during the second year of each new job, and for 100 percent of applicable business taxes beginning in the third year of each new job.

2. According to the most recent projections of the Employment Development Department (EDD), total

BOARD OF SUPERVISORS
BUDGET ANALYST

employment in San Francisco is projected to increase by 8,900 jobs from the 1990 level of 573,100 to an estimated 582,000 jobs by 1997. (A table showing EDD's projections is attached to this report.)

According to EDD, the gain of 8,900 jobs will result from the combined effect of the loss of 11,500 jobs in the mining, manufacturing, transportation, wholesale, finance, and government sectors, and the addition of 20,400 jobs in the retail and service sectors of the local economy. The Budget Analyst notes that the 11,500 lost jobs would fall into scenario (2) in the table shown above, since a net total of 11,500 jobs are expected to be lost and not replaced, according to EDD.

3. The City would experience a loss of existing tax revenues from the net total of 11,500 existing jobs which are expected to be eliminated and not replaced (scenario (2)). However, this loss of tax revenue would not be attributable to any of the provisions of the proposed ordinance. The Budget Analyst notes that, in theory, some employers may elect not to eliminate jobs if a business tax credit were enacted for existing jobs, but that, in fact, the proposed tax credit would not apply to existing jobs and therefore would not act as a deterrent to the loss of these jobs.

4. Of the 20,400 new jobs which are expected to be added to the service and retail sectors over 7 years between 1990 and 1997 (an average of 2,914 new jobs annually including 2,543 in the Service sector and 371 in the Retail sector), approximately 14,570 new jobs would result in business tax exemptions for employers over the five years (January 1, 1993 through December 31, 1997) that the proposed ordinance would remain in effect (2,914 new jobs annually x 5 years = 14,570 jobs). Thus, 14,570 jobs would fall under scenario (3) above, as jobs which are currently expected to be added even if no tax credits were granted.

Therefore, based on projections of the State EDD, by establishing a business tax credit based on all jobs which were created after January 1, 1993, the City would experience a loss of business tax revenues from an estimated 14,570 jobs which are expected to be created between 1993 and 1997 whether or not a tax credit is available.

5. The City's payroll tax is not computed on the basis of the full wage and salary costs of San Francisco businesses. Rather, the wage and salary costs which are attributable to a firm's business activities outside of San Francisco are deducted from a firm's total wage and salary costs before the

BOARD OF SUPERVISORS
BUDGET ANALYST

payroll tax is computed. In addition, firms having total taxable payrolls less than \$166,667 (resulting in a tax liability of \$2,500 or less at the current payroll tax rate of 1.5 percent) are not liable for the payroll tax.

Therefore, an estimate of the foregone business tax revenues associated with 14,570 new jobs must incorporate these existing deductions and exemptions.

Mr. Richard Sullivan of the Tax Collector's Office states that the exact amount of the salaries and wages which are attributable to business activities conducted outside of San Francisco, and which therefore cannot be taxed, cannot be estimated with precision. However Mr. Sullivan has estimated that approximately 20 percent of total wages and salaries paid in San Francisco are allocated to business activities which occur outside of the City and are not taxed. In addition, Mr. Sullivan reports that, in 1991, approximately 92.7 percent of total taxable payroll in the Service sector resulted in employers' liability for business tax, while the remaining 7.3 percent was exempt from business taxes under the small business exemption, and was not taxed. Similarly, approximately 87 percent of total taxable payroll in the Retail sector resulted in employers' liability for business tax, while the remaining 13 percent was exempt from business taxes under the small business exemption, and was not taxed.

6. According to EDD, the average annual salary in the Service sector of the local economy in 1991 was \$29,207. Based on 2,543 new Service sector jobs which EDD projects will be added annually through 1997 (without the business tax credit), the Budget Analyst estimates that total new wages and salaries in the Service sector will be \$74,273,401 on an average annual basis through 1997.

If 20 percent of the total new wages and salaries are allocated to business activities outside of San Francisco, the payroll tax base for these projected new jobs will decrease by 20 percent from \$74,273,401 to \$59,418,721.

In 1991, 7.3 percent of taxable salary and wages in the Service sector were exempt under the small business exemption. Exempting a similar 7.3 percent for new jobs added in small businesses would reduce the estimated new taxable salaries and wages by \$4,337,567, from \$59,418,721 to \$55,081,154.

The Budget Analyst therefore estimates that \$74,273,401 would be paid in new salaries and wages for 2,543 new

Service jobs which are expected to be added annually through 1997. Of the \$74,273,401 total salary amount, the business tax credit of the proposed ordinance would apply to \$55,081,154 in new salaries and wages. At the current 1.5 percent payroll tax rate (which would be used to compute the tax credit), the Budget Analyst estimates that the City would forego business tax revenues of approximately \$826,217 in the first 12 months for each 2,543 new jobs which are created.

7. According to EDD, the average annual salary in the Retail sector of the local economy in 1991 was \$18,232. Based on 371 new Retail jobs which EDD projects will be added annually through 1997 (without the business tax credit), the Budget Analyst estimates that total new wages and salaries in the Retail sector will be \$6,764,072 on an average annual basis through 1997.

If 20 percent of the total new wages and salaries are allocated to business activities outside of San Francisco, the tax base will decrease by \$1,352,814 or 20 percent, from \$6,764,072 to \$5,411,258.

In 1991, 13 percent of taxable salary and wages in the Retail sector were exempt from taxation under the small business exemption. Exempting a similar 13 percent for new jobs added in small retail businesses would reduce the estimate of new taxable salaries and wages by \$703,464, from \$5,411,258 to \$4,707,794.

The Budget Analyst therefore estimates that \$6,764,072 would be paid in new salaries and wages for 371 new Retail jobs which are expected to be added annually through 1997. Of the \$6,764,072 total salary amount, the business tax credit of the proposed ordinance would apply to \$4,707,794 in new salaries and wages. At the current 1.5 percent payroll tax rate (which would be used to compute the tax credit), the Budget Analyst estimates that the City would forego business tax revenues of approximately \$70,617 in the first 12 months for each 371 new Retail jobs which are created.

8. In summary, the total estimated business tax revenues which would be foregone in the first 12 months would be \$826,217 for 2,543 Service sector jobs added annually and \$70,617 for 371 Retail sector jobs added annually, or a total of \$896,834.

Although the City would experience a loss of anticipated business tax revenues as a result of the proposed tax credit (for jobs currently projected to be created), the City could

BOARD OF SUPERVISORS
BUDGET ANALYST

realize benefits from the creation of other jobs, which would not be created in San Francisco unless the tax credit is enacted (see Comment 14).

9. The proposed ordinance provides that a 100 percent tax credit would apply in the first 12 months after a job is created and a 50 percent tax credit would apply for the second 12 months after a job is created. Therefore, for each new job created, the City's actual foregone business tax revenues would be 150 percent of the annual payroll tax liability resulting from the new position. Accordingly, the 2,914 jobs created annually between 1992 and 1997 would result in foregone business tax revenues of \$896,834 in the first year of their existence, and \$448,417 in the second year of their existence.

Over the five years in which the proposed ordinance would remain in effect, total business tax revenues which are currently expected to accrue to the City, but which would be foregone if a tax credit were applied for creation of these jobs, would be as follows:

Year	Current Expected	1st year tax credit	2nd year tax credit*	Total
	Job Growth 1993-1997			
1993	2,914	\$896,834	0	\$896,834
1994	2,914	896,834	\$448,417	1,345,251
1995	2,914	896,834	448,417	1,345,251
1996	2,914	896,834	448,417	1,345,251
1997	<u>2,914</u>	896,834	448,417	<u>1,345,251</u>
	14,570			

Total estimated foregone business tax revenues 1993-97: \$6,277,838

*Second year tax credit applies at 50 percent of payroll tax liability for jobs which were created in the prior year. For example, foregone revenues in the amount of \$448,437 in 1994 would result from the 50% tax credit for jobs created in 1993.

The estimated \$6,277,838 in foregone business tax revenues over five years as a result of the proposed ordinance is based on foregone revenues of \$896,834 in the first year and \$1,345,251 in each subsequent year, or \$1,255,568 on an average annual basis over the five years in which the proposed tax credit would remain in effect.

Mr. Sullivan has concurred in the above estimates of the future business tax revenues which the City would receive (based on EDD projections of jobs expected to be added in the

absence of a tax credit), but which would be foregone as a result of the proposed tax credit.

10. The Budget Analyst cannot reasonably predict the number of jobs which could be created in San Francisco as the result of a business tax credit. Businesses which do create new jobs in San Francisco in response to the tax credit would be exempt from the payment of 100 percent of the new tax liability in the first year, and 50 percent of the new tax liability in the second year after the position is created, but would be liable for full payment of business taxes for new jobs after two years following creation of the positions. Therefore, to the extent that the proposed tax credit attracts new jobs to San Francisco which would not otherwise be created in the City, the City would realize increased business tax revenues in future years.

If, for example, 500 to 3,000 new jobs were created annually in response to the proposed tax credit, then the following estimated additional business tax revenues would accrue to the City:

<u>Number of additional jobs created annually</u>	<u>Estimated average annual new tax revenues in the first 5 years</u>	<u>Est. annual new tax revenues after tax credit expires</u>
500	\$251,097	\$784,677
1,000	502,193	1,569,353
1,500	753,290	2,354,030
2,000	1,004,386	3,138,706
2,500	1,255,483	3,923,383
3,000	1,506,580	4,708,060

The table above reflects that if, for example, 500 to 3,000 additional jobs were created in San Francisco each year as the result of the proposed tax credit, then San Francisco could potentially realize an additional \$251,097 to \$1,506,580 in new business tax revenues annually during the first five years in which the proposed tax credit would be in effect, and an estimated \$784,677 to \$4,708,060 annually after all the applicable tax credits have expired beginning in the sixth year, following the sunset of the legislation.

As stated previously, these are estimates based on potential increases in the number of new jobs created in response to the tax credit. However, the extent to which new jobs would actually be created in San Francisco in response to the proposed tax credit cannot be predicted in advance.

BOARD OF SUPERVISORS
BUDGET ANALYST

File 127-93-3

11. The proposed ordinance (File 127-93-3) would amend the amount of the business tax credit which would apply to jobs created within the existing San Francisco Enterprise Zone, as follows:

<u>Duration of employment</u>	<u>Current tax credit (pct. of tax liability)</u>	<u>Proposed tax credit (pct. of tax liability)</u>
Year 1	50 %	100 %
Year 2	40 %	100 %
Year 3	30 %	50 %
Year 4	20 %	50 %
Year 5	10 %	25 %
Year 6	0	25 %
Year 7	0	15 %
Year 8	0	15 %
Year 9	0	10 %
Year 10	0	10 %

The current business tax credit in the Enterprise Zone creates a disparity between the current business taxes of Enterprise Zone businesses compared to businesses located elsewhere. This disparity in taxation creates an incentive to locate jobs in the Enterprise Zone rather than elsewhere.

As shown in the above table, the proposed ordinance would increase the amount of the tax credit within the Enterprise Zone, and would provide for a continued tax credit in the sixth through tenth years after a job is created within the Enterprise Zone, whereas the existing tax credit within the Enterprise Zone expires after only 5 years.

12. The proposed ordinance would increase the amount of the tax credit which would apply during the first two years after a job is created within the Enterprise Zone, so that the tax credit within the Enterprise Zone would be equivalent to the proposed City-wide tax credit under the companion proposed ordinance during the first year, but higher than the proposed City-wide tax credit in the second through tenth years for jobs created in the Enterprise Zone.

Since jobs created throughout the City would qualify for a 100 percent tax credit in the first year, some of the incentive to locate jobs in the Enterprise Zone, based on the first year tax credit, would be lost. However, the proposed ordinance would also create a higher incentive to locate jobs in the Enterprise

BOARD OF SUPERVISORS
BUDGET ANALYST

Zone, by increasing the amount of the current tax credit in the 2nd through fifth years and applying a new tax credit in the Enterprise Zone in the sixth through tenth years. In contrast, the proposed tax credit for businesses City-wide would be available for only two years after a job is created, resulting in a continued incentive for businesses to locate in the Enterprise Zone, rather than elsewhere in the City.

For any jobs which would be created in the Enterprise Zone as a result of the current 5-year tax credit, extending the Enterprise Zone tax credit over ten years would result in a loss of business tax revenues, in the sixth through tenth years, since these jobs would not have to begin paying business tax revenues after 5 years. However, the extension of the tax credit to 10 years could result in an increase in the number of jobs created within the Enterprise Zone, if jobs are created in response to a 10-year tax credit which would not be created in response to the current 5-year tax credit.

13. Businesses located in the Enterprise Zone would continue to receive certain Enterprise Zone benefits which still would not be available to other San Francisco businesses, such as sales tax credits for equipment purchases and more favorable loan conditions.

14. Mr. Sullivan indicates that the Tax Collector's Office would require additional resources in order to implement the proposed tax credits. According to Mr. Sullivan, the cost of implementing the proposed ordinance is estimated at approximately \$115,400 in the first year. However, Mr. Sullivan indicates that it will be difficult to precisely estimate the new resources which will be needed, since the Tax Collector's costs will depend on the number of firms applying for the tax credit.

15. In summary, as noted above, the proposed tax credits would reduce the growth of business tax revenues which would result from the creation of new jobs even in the absence of a business tax credit. The Budget Analyst estimates the amount of foregone business taxes at \$1,255,568 on an average annual basis in fiscal years 1993-94 through 1997-98.

However, it should also be noted that any new jobs which are created in San Francisco in response to the proposed tax credit would generate increased business tax revenues for the City. If, for example, 500 to 3,000 new jobs were created annually in response to the proposed tax credit, the estimated new tax revenues would range from \$251,097 to \$1,506,580

BOARD OF SUPERVISORS
BUDGET ANALYST

annually during the first five years, and between \$784,677 and \$4,708,060 annually in subsequent years. However, the number of jobs which would actually be created cannot reasonably be predicted in advance.

The addition of new jobs in response to the proposed tax credit could also generate other direct sources of revenue for the City, such as higher sales and property tax revenues, depending on the extent to which the new workers expended their wages and located their homes in San Francisco. Moreover, the creation of any additional jobs would also affect the overall level of economic activity in the City, by increasing consumption, spending, and investment. The magnitude of the positive impact of indirect revenues to the City would depend on the nature of the jobs created, the wages which were paid, and the residential and spending patterns of the new workers.

Recommendation: Approval of the proposed ordinances is a policy matter for the Board of Supervisors.

San Francisco County
Wage and Salary Employment by Nonagricultural Industry*
1990 Annual Average and Projected 1997 Employment

	1990	1997 (projected)	Absolute Change	Percent Change
Nonagricultural employment	573,100	582,000	8,900	1.6%
Mining & construction	15,700	15,500	-200	-1.3%
Manufacturing	39,100	37,000	-2,100	-5.4%
Nondurable goods	32,500	31,500	-1,000	-3.1%
Food & kindred products	5,000	4,800	-200	-4.0%
Apparel	14,100	14,200	100	0.7%
Printing & publishing	9,400	9,200	-200	-2.1%
Other nondurables	4,000	3,300	-700	-17.5%
Durable goods	6,600	5,500	-1,100	-16.7%
Primary & fabricated metals	1,500	1,100	-400	-26.7%
Transportation equipment	1,000	800	-200	-20.0%
Other durables	4,100	3,600	-500	-12.2%
Transportation & public utilities	38,500	37,000	-1,500	-3.9%
Transportation	20,400	20,000	-400	-2.0%
Communications & utilities	18,100	17,000	-1,100	-6.1%
Wholesale trade	29,800	27,300	-2,500	-8.4%
Retail trade**	78,900	81,500	2,600	3.3%
Department stores	7,900	7,700	-200	-2.5%
Food stores	8,400	8,900	500	6.0%
Apparel stores	9,500	9,800	300	3.2%
Restaurants & bars	32,300	32,700	400	1.2%
Other retail trade	20,800	22,400	1,600	7.7%
Finance, insurance, & real estate	75,800	71,600	-4,200	-5.5%
Finance	46,000	42,700	-3,300	-7.2%
Insurance	19,300	18,100	-1,200	-6.2%
Real estate	10,500	10,800	300	2.9%
Services	202,500	220,300	17,800	8.8%
Hotels & motels	18,300	19,000	700	3.8%
Business services	53,300	62,300	9,000	16.9%
Health services	25,400	27,200	1,800	7.1%
Legal services	20,800	22,800	2,000	9.6%
Social services & membership	22,400	23,900	1,500	6.7%
Engrng, acctng, research & mngmt	30,200	31,800	1,600	5.3%
Other services	32,100	33,300	1,200	3.7%
Government**	92,800	91,800	-1,000	-1.1%
Federal government	28,600	26,500	-2,100	-7.3%
State & local government	64,200	65,300	1,100	1.7%

* Employment is by place of work and does not include persons involved in labor-management trade disputes.

** Includes all civilian government employees regardless of activity in which engaged.

Note: Parts may not add to totals due to independent rounding.

March 1991 benchmark.

Item 3 - File 101-92-74

Department: Department of Public Works (DPW), Bureau of Architecture (BA)
Chief Administrative Officer (CAO)
Department of Public Health
Library Department
Recreation and Park Department

Item: Supplemental Appropriation Ordinance for various capital improvement projects including asbestos abatement, seismic upgrade and earthquake repair for City Hall, Civic Auditorium, Department of Public Health Headquarters, Excelsior Branch Library, Opera House, Veterans Building and San Francisco Zoo.

Amount: \$64,770,000

Source of Funds: 1990 Earthquake Safety Bonds (Phase 2)

Description: In June 1990, San Francisco voters authorized the sale of \$332.4 million in Earthquake Safety Bonds to fund capital improvement to repair earthquake damage, provide seismic upgrading and improve the infrastructure for various City-owned properties.

The proposed supplemental appropriation ordinance would appropriate proceeds of the 4th bond sale for the June 1990, Earthquake Safety Bond Program, Phase 2. A summary of the proposed \$64,770,000 appropriation is as follows:

Department of Public Works

Capital Improvement Project Planning and Project Control	\$3,875,000
Excelsior Branch Library and San Francisco Zoo	2,740,000
City Hall and Public Health Headquarters Building	38,257,000
Civic Auditorium, Opera House and Veteran's Building	<u>19,898,000</u>
Total Proposed Supplemental Appropriation	\$64,770,000

BOARD OF SUPERVISORS
BUDGET ANALYST

The proposed supplemental appropriation would provide (1) needed seismic work for City Hall, Civic Auditorium, DPH Headquarters (101 Grove Street), Excelsior Branch Library, Opera House and Veteran's Building, (2) earthquake repair to City Hall, Civic Auditorium, Opera House and Veteran's Building, (3) repairs to sub-surface areas and related rehabilitation project planning and management for all 48 projects identified in the 1990 Earthquake Safety Bonds Program.

The specific projects to be funded by the proposed supplemental appropriation are as follows:

City Hall

Programming and Planning/Design		
Bureau of Architecture	\$750,000	
Construction Management		
Bureau of Construction Management	3,500,000	
Consultants (special testing)	500,000	
Construction Contracts	<u>25,124,000</u>	
Subtotal		\$29,874,000

Civic Auditorium

Construction Contracts		12,033,000
------------------------	--	------------

Department of Public Health (DPH - 101 Grove Street)

Design/Project Control Costs		
Bureau of Architecture	\$2,223,000	
Asbestos Abatement		
Bureau of Architecture	500,000	
Consultants (already selected jointly by BA and DPH, based on the results of a Request for Qualifications)	1,720,000	
Relocation Costs		
Moving Office Equipment	250,000	
Leases of Temporary Facilities	<u>3,690,000</u>	
Subtotal		8,383,000

Excelsior Branch Library

Design Services		
Bureau of Architecture	\$57,000	
Construction Services		
Bureau of Architecture	23,000	
Construction Contracts	<u>210,000</u>	
Subtotal		290,000

Opera House

Programming/Planning and Design		
Bureau of Architecture	\$1,300,000	
Bureau of Construction Management	225,000	
Consultant Services		
Joint Venture:		
EQE/Structus, Structural (MBE)		
SJ Engineers, Mechanical		
FW Engineers, Electrical (MBE)		
Applied Testing Engineers, Testing		
Geotechnical Engineers, Inc., Soils	2,800,000	
Program Consultants:		
Turner Construction, Project		
Scheduling (MBE)		
Don Todd and Associates (MBE)		
Carey and Company, Architectural		
Preservation (WBE)	<u>1,000,000</u>	
Subtotal		\$5,325,000

Veteran's Building

Programming and Planning Services		
Bureau of Architecture	\$900,000	
Engineering Consultant Services		
Joint Venture:		
Rutherford and Cheyene, Structural		
Design (MBE)		
Takahashi Engineers, Mechanical		
Electrical (non MBE/WBE)		
Applied Materials and Engineers,		
Testing (non MBE/WBE)		
Adamson Associates, Cost		
Estimating (non MBE/WBE)	<u>1,640,000</u>	
Subtotal		2,540,000

San Francisco Zoo

Animal Welfare Monitoring Plan		
Environment Science Associates		
(non MBE/WBE)	\$250,000	
Project Control/ Management		
Bureau of Engineering	400,000	
Preparation of Plans and Specifications		
AGS (Geotechnical), (MBE)	900,000	
Kennedy/Jenks Consultants,		
(non-MBE/WBE)	<u>900,000</u>	
		2,450,000

Various Facilities in Need of Asbestos Abatement

Asbestos Abatement Project Costs		
Bureaus of Architecture, Environmental Management		
and Construction Management		1,000,000

BOARD OF SUPERVISORS
BUDGET ANALYST

Program Control/Management	
For all 48 Projects in Subject Bond Issue	
Bureau of Architecture	\$ <u>2,875,000</u>
Total	\$64,770,000

Comment: Because certain consultant and construction contracts have not yet been awarded, a total of \$38,117,000 should be reserved pending selection of the contractors and determination of their MBE/WBE status as follows:

City Hall	
Consultants	\$ 500,000
Construction Contracts	<u>25,124,000</u>
Subtotal	\$25,624,000
Civic Auditorium	
Construction Contracts	12,033,000
Department of Public Health (DPH - 101 Grove Street)	
Relocation Costs - Moving Office Equipment	250,000
Excelsior Branch Library	
Construction Contracts	<u>210,000</u>
Total	\$38,117,000

Recommendation: Amend the proposed supplemental appropriation ordinance to reserve \$38,117,000 pending selection of the contractors and determination of their MBE/WBE status.

BOARD OF SUPERVISORS
BUDGET ANALYST

Item 4 - File 101-92-75

Department: Sheriff's Department

Item: Supplemental Appropriation Ordinance for vehicle maintenance and repairs for the Sheriff's Department's buses, vans and automobiles.

Amount: \$19,745

Source of Funds: State-authorized Special Revenue Fund

Description: Pursuant to State Government Code Section 26746, a civil fee in the amount of \$5 for processing inmate records was established. The proceeds from this fee, which was effective as of January 1 1988, are required by State law to be deposited into a Special Fund for replacement and maintenance of vehicles and other equipment used by the Sheriff's Department. The Sheriff's Department advises that 70 percent of this Fund must be used to pay for vehicle replacement and the remaining 30 percent must be used for vehicle and equipment maintenance. The Sheriff's Department states that, to date, approximately \$210,000 has been collected in fee revenue since the civil fee was established in 1988. Of the \$210,000, approximately \$147,000 or 70 percent has already been expended for vehicle replacement, leaving a balance of approximately \$63,000 available for maintenance.

The Sheriff's Department reports that the number of San Francisco inmates housed at Alameda County jail facilities increased by 140 from 200 to 340 since the beginning of the fiscal year and the Department has experienced a 19 percent increase in the total inmate population being transported between the San Bruno jail facilities, Alameda County and the Hall of Justice. According to the Sheriff's Department, because of this increased demand on its vehicles, the entire \$95,920 included in the Sheriff's 1992-93 budget for vehicle maintenance was expended by February 26, 1993. As such, the Sheriff's Department has projected a budgetary shortfall in its vehicle maintenance account as follows:

Actual Expenditures (July 1, 1992 to February 26, 1993)	\$95,920
Projected Expenditures *	19,745
	\$115,665
1992-93 Budget	95,920
Projected Shortfall	\$19,745

BOARD OF SUPERVISORS
BUDGET ANALYST

*The Sheriff's Department advises that the \$19,745 projected expenditure amount represents the amount required to perform the necessary vehicle maintenance work in May and June. According to the Department, since the entire amount budgeted for vehicle maintenance for fiscal year 1992-93 was expended as of the end of February, no vehicle maintenance work was performed in March and April.

Recommendation: Approve the proposed ordinance.

Item 5 - File 101-92-83

Departments: Sheriff's Department
Department of Public Works (DPW)

Item: Supplemental appropriation ordinance for capital improvement project (Jail #3 Services Building).

Amount: \$1,438,506

Source of Funds: 1990 Correctional Facilities Improvement Bonds - Interest Earned

Description: In February of 1990, the Board of Supervisors approved various projects for State Board of Corrections bond funding (Resolution 96-90) including the New Sheriff's Facility to be constructed in the parking lot of the Hall of Justice. The total project budget for the New Sheriff's Facility is \$50,150,637 as follows:

State Board of Corrections	
Bond Funds	\$33,800,000
Local Jail Bond Funds	13,800,000
General Fund Monies	<u>2,550,637</u>
Total Project Budget	\$50,150,637

According to the Sheriff's Department, the project is approximately 70 percent complete. However, the New Sheriff's Facility will need additional funds in order to be completed. The Sheriff's Department has estimated a \$1,395,492 deficit for this project resulting from a cost estimate for a Request For Proposal process that was expedited in order to meet State deadlines associated with bond funds received from the State Board of Corrections. The source of funds for the proposed supplemental appropriation request of \$1,438,506 is interest revenue from the Sheriff's Department's 1990 Correctional Facilities Improvement Bond account. As of the end of March 1993, the Department reports that there is a balance of \$1,438,506 in interest available to the Department from this account. The Sheriff's Department advises that the use of these interest funds should sufficiently cover estimated project expenditures for the completion of the construction of the project into the next fiscal year as follows:

BOARD OF SUPERVISORS
BUDGET ANALYST

Total Estimated Project Budget for New Sheriff's Facility	\$50,150,637
Actual Project Expenditures 4/29/91 through 3/3/93	(47,778,121)
Estimated Project Expenditures 3/3/93 through 1/94	<u>(3,768,008)</u>
Projected Project Deficit	(\$1,395,492)
Proposed Supplemental Appropriation	<u>1,438,506</u>
Projected Surplus	\$43,014

Comments:

1. As noted above, the approval of the proposed supplemental appropriation request of \$1,438,506 is \$43,014 more than the amount actually needed to cover the projected project deficit of \$1,395,492. However, because the estimated project expenditures are reflective of actual costs incurred, contingency costs for the continuation of the project have not been accounted for. Therefore, the Sheriff's Department is requesting the full amount of \$1,438,506 so that the remaining \$43,014 may be used toward any unknown contingencies.
2. According to the Sheriff's Department, the facility is being built as part of the Federal consent decree settlement in the case of Stone vs. San Francisco. Given San Francisco's current jail overcrowding crisis, and the contempt of court rulings against the City, the Department advises that the completion of this project is of great importance.
3. The Sheriff's Department reports that the average daily jail population for the entire San Francisco Jail System in 1988 was 1,741 prisoners. By 1992, five years later, the average daily jail population had increased by approximately 33 percent to 2,313.
4. The Sheriff's Department advises that the \$1,438,506 requested would be used for the New Sheriff's Facility capital improvement project rather than for the Jail #3 Services Building capital improvement project as stated in the title of the legislation.

Recommendation: Amend the title of the legislation to reflect that the \$1,438,506 request is for the New Sheriff's Facility rather than the stated Jail Services #3 Services Building and approve the proposed supplemental appropriation ordinance.

BOARD OF SUPERVISORS
BUDGET ANALYST

Items 6, 7 and 8 - Files 101-92-76, 101-92-77 and 101-92-78

Departments: Chief Administrative Officer (CAO)
City Attorney

Items: Supplemental Appropriation Ordinances for legal services and financial consultation (associated with the sale and issuance of bonds) for the City Attorney's Office and the Chief Administrative Officer.

Amounts:	<u>File 101-92-76</u>	
	1992 Fire Facility Improvement Bonds	\$103,000
	1989 Earthquake Safety Bonds	<u>70,000</u>
	Subtotal	\$173,000
	<u>File 101-92-77</u>	
	1992 Golden Gate Park Bond Funds	77,000
	<u>File 101-92-78</u>	
	1990 Earthquake Safety Bonds	<u>230,000</u>
	Total	\$480,000

Source of Funds: 1992 Fire Facility Improvement Bonds and 1989 Earthquake Safety Bonds (File 101-92-76)

1992 Golden Gate Park Bonds Funds (File 101-92-77)

1990 Earthquake Safety Bonds (File 101-92-78)

Description: The CAO advises that the proposed supplemental appropriation requests totaling \$480,000 would be used to pay for bond issuance costs related to the City's recent sale and issuance of the above noted General Obligation bonds totaling \$105,045,000 as follows: 1989 Earthquake Safety Bonds (\$15,500,000), 1990 Earthquake Safety Bonds (\$65,000,000), 1992 Golden Gate Park Bonds Funds (\$8,135,000) and 1992 Fire Facility Improvement Bonds (\$16,410,000).

The CAO reports that the amounts of the proposed supplemental appropriation requests totaling \$480,000 were determined based on actual bond counsel fees per bond series and the prorata allocation of other issuance costs. These costs are shown below:

<u>City Attorney</u>	
Bond Counsel Fees and Expenses	\$140,000
Reimbursement of City Attorney Costs	<u>100,000</u>
Subtotal - City Attorney	\$240,000

BOARD OF SUPERVISORS
BUDGET ANALYST

<u>CAO</u>	
Financial Advisory Fees and Expenses	\$75,000
Rating Agency Fees	90,000
Printing of Official Statement	15,000
Reimbursement of CAO	<u>60,000</u>
Subtotal - CAO	\$240,000

Total	\$480,000
-------	-----------

Comment:

1. The City Attorney reports that the \$140,000 for Bond Counsel Fees and Expenses would be used to pay for services provided by Arnelle & Hastie, an MBE firm, Pamela S. Jue, Attorney at Law, a WBE firm and Brown & Wood and O'Melveny & Myers, neither of which are an MBE or WBE firm. Mr. Victor Castille of the City Attorney's Office reports that the \$140,000 for Bond Counsel fees would be paid to these four firms, based on a fixed rate as follows:

	<u>Bonds</u>	<u>Fee Amount</u>
Arnelle & Hastie	1989 Earthquake Safety Bonds	\$20,000
Brown & Wood	1990 Earthquake Safety Bonds	20,000
Brown & Wood and Pamela S. Jue	1992 Golden Gate Park Bonds*	50,000
O'Melveny & Myers and Pamela S. Jue	1992 Fire Facility Improvement* Bonds	<u>50,000</u>
	Total	\$140,000

* Newly authorized bonds.

2. Ms. Marty Moore of the City Attorney's Office advises that the \$100,000 to reimburse City Attorney costs is based on 909 hours at \$110 per hour.

3. The CAO advises that the \$75,000 for Financial Advisory Fees and Expenses would be used to pay for services provided by Charles A. Bell Securities Corporation, an MBE firm, and Public Financial Management, Inc., which is neither an MBE or WBE firm. Ms. Laura Wagner-Lockwood of the CAO's Office reports that the \$75,000 for Financial Advisory Fees was paid to Charles A. Bell Securities Corporation and Public Financial Management, Inc., based on \$10,000 for operating expenses (i.e., telephone, printing, reproduction, fees charged by rating agencies) and \$65,000 for staff time calculated on the basis of

BOARD OF SUPERVISORS
BUDGET ANALYST

hourly rates. The CAO was unable to provide the number of hours based on the hourly rates, at this time, because the Department has not, as yet, been billed for these costs. However, Ms. Wagner-Lockwood advises that the \$65,000 is a cap amount, which cannot be exceeded by the contractors. Attached is a listing of the hourly rates charged by the contractors.

4. According to Ms. Wagner-Lockwood, the Rating Agency Fees of \$90,000 are based on a flat rate of \$30,000 for each of the three Rating Agency contracts.

5. Ms. Wager-Lockwood advises that the \$60,000 for reimbursement of CAO costs is for approximately \$51,000 in salaries and fringe benefits and \$9,000 in overhead costs.

Recommendation: Approve the proposed ordinance.

APPENDIX ACOMPENSATION

The City agrees to compensate the Financial Consultant under the Agreement in the amount and manner set forth below:

A. For professional services rendered, the Financial Consultant shall be reimbursed in the following amounts, only if the Bonds are sold and delivered.

1. The Financial Consultant shall be paid at the following hourly rates:

Peter Miller	<u>\$160</u>	Charles A. Bell	<u>\$250</u>
Ted Ricci	<u>175</u>	Chris St. James	<u>160</u>
Ken Rust	<u>160</u>	Secretarial Support	<u>25</u>
Carlos Melcer	<u>135</u>		
Nancy Jones	<u>160</u>		
John Bonow	<u>110</u>		

In no case shall the cumulative charges for professional services exceed \$65,000 for each issuance of general obligation bonds sold without prior written approval of the City.

Item 9 - File 101-92-80

Department: Port Commission

Item: Supplemental Appropriation Ordinance rescinding a \$1,000,000 equity transfer previously made to the General Fund and reappropriating the \$1,000,000 to the Port Commission Operating Fund, for Fiscal Year 1992-93.

Amount: \$1,000,000

Source of Funds: General Fund General Reserve

Description: The subject supplemental appropriation ordinance would return \$1,000,000 from the City's General Fund to the Port Commission's Harbor Operating Fund Reserve as requested by the Port Commission. On October 23, 1992, the Board of Supervisors approved Ordinance No. 313-92 which included the transfer of \$1,000,000 from the Port Commission to the City's General Fund. This transfer had been made to assist in balancing the City's 1992-93 budget which was in deficit.

The Port Commission's request to the City to return the \$1,000,000 is based on an opinion of the City Attorney, dated December 17, 1992, in which the City Attorney has concluded that the transfer is unconstitutional. The City Attorney is of the opinion that the revenue transfer from the Port Commission to the City's General Fund "will most likely be found to violate Article 16, Section 6, of the California Constitution, which prohibits gifts of state public funds to municipalities."

As a result of this opinion, the City Controller has reserved the \$1,000,000 subject to either further legal opinion or legislative action to return the funds to the Port Commission. At this time the Mayor's Office has agreed with the Port Commission to transfer the \$1,000,000 back to the Port Commission.

Comment: Mr. Ed Harrington, Controller, advises that projections to balance the City's 1992-93 budget over the past several months had excluded the subject \$1,000,000 equity transfer from the Port Commission to the General Fund. Under these circumstances, Mr. Harrington advises that the proposed reappropriation of \$1,000,000 from the General Fund to the Port Commission would have no effect on the current projections by the Controller to keep the City's 1992-93 fiscal year budget in balance.

Recommendation: Approve the proposed ordinance.

BOARD OF SUPERVISORS
BUDGET ANALYST

Item 10 - File 97-93-24

Department: Port Commission

Item: Ordinance amending the Administrative Code by amending Chapter 10, Article XV, Section 10.169 thereof to reduce the Port Commission Revolving Fund by \$500,000 from \$560,000 to \$60,000.

Amount: \$60,000

Source of Funds: San Francisco Harbor Operating Fund

Description: The proposed ordinance would amend Chapter 10, Article XV, Section 10.169 to the Administrative Code to reduce the revolving fund of the San Francisco Port Commission by \$500,000 from \$560,000 to \$60,000.

Revolving funds are established to accommodate the need for petty cash, urgent, non-recurring purchases and small repairs. As revolving fund purchases deplete the revolving fund, direct payment vouchers are submitted to the Controller's Office. These direct payment vouchers provide a detailed list of all expenditures and the source of funds. The Controller's Office subsequently replenishes the department's revolving fund for the amount of the direct payment voucher.

Before the transfer of the San Francisco Port Authority from the State of California to the City and County of San Francisco in 1969, the Port Commission had established a revolving fund of \$60,000. After the State's transfer, Ordinance No. 165-81 was approved on April 8, 1981 amending Section 10.169 to increase the revolving fund by \$500,000, from \$60,000 to \$560,000, to add a payroll revolving fund account to the existing revolving fund. Mr. Benjamin Kutnick of the Port Commission advises that this increase was necessary because the Port Commission assumed responsibility for its own payroll and at that time \$500,000 was sufficient to cover two payroll periods.

Ordinance No. 272-86, approved July 3, 1986, appropriated an additional \$217,000 increasing the revolving fund from \$560,000 to \$777,000 for the purpose of increasing the payroll revolving fund account within the total authorized revolving fund for the Port Commission. However, the Administrative Code was never amended and, therefore, the Port Commission's Revolving Fund has remained at the \$560,000 level.

BOARD OF SUPERVISORS
BUDGET ANALYST

During fiscal year 1987-88, the Port Commission payroll responsibility was transferred to the Payroll/Personnel Services Division of the Controller's Office. As a result of that transfer the Port Commission closed its Payroll Revolving Fund Account on June 26, 1987 because it was no longer needed. The subject ordinance would amend the Port's Commission's revolving fund to reflect the transfer of its payroll responsibility to the Controller's Office.

Comments:

1. Mr. Kutnick advises that the Port Commission's Revolving Fund is used for purchases under \$200 that are deemed too costly to undertake with separate purchase orders. The Budget Analyst has reviewed the Port Commission's requirements for such purchases and concurs that the proposed reduced amount for the subject Revolving Fund account in the amount of \$60,000 is sufficient.

2. To correct a clerical error in the proposed legislation, the amount of the existing revolving account should be changed from \$777,000 to \$560,000.

Recommendation: Amend Line 18 of the proposed ordinance changing \$777,000 to \$560,000 and approve the proposed ordinance as amended. The approval of this legislation would result in the Port Commission's Revolving Fund being reduced by \$500,000 from \$560,000 to \$60,000.

Item 11 - File 97-93-26

Department: Rent Board

Item: Ordinance amending the Administrative Code by amending Section 37A.2 (d) to increase the Residential Rent Stabilization and Arbitration Fee from \$8.00 to \$10.00 dollars.

Description: Pursuant to Chapter 37 of the Rent Ordinance, all owners of rental units, with the exception of those that are four units or less and are owner occupied, are required to pay an annual Rent Stabilization and Arbitration fee for each unit. Section 37(p) of the Rent Ordinance defines rental units as "all residential dwelling units in the City and County of San Francisco together with the land and buildings thereto, and housing service, privileges, furnishings and facilities supplied in connection with use or occupancy thereof, including garage and parking facilities." Monies generated by the rent fees are deposited in the Rent Stabilization and Arbitration Fund and are used to pay for the costs of administering and enforcing the Rent Ordinance by the Rent Board. Section 37A.2 (d) stipulates that these fees must equal the projected annual cost of funding the Rent Board plus related administrative costs including, but not limited to, the Tax Collector and Controller, divided by the total number of residential units estimated to pay the fee minus any balance remaining in the Rent Stabilization and Arbitration Fund. Section 37A.2 (d) presently also stipulates that the fee must in no event exceed \$8 per residential unit. Section 37A.2 (e) states that the fee is for regulatory purposes only and is not designed or intended to be used for revenue purposes. Any surplus collected in a given year will be used to reduce the fee in the next year.

The proposed ordinance would amend Section 37A.2 (d) to increase the cap on the Rent Stabilization and Arbitration fee by \$2 from \$8 to \$10, effective July 1, 1993. Mr. Joe Grubb of the Rent Board advises this increase is necessary in order to pay for a projected shortfall in the Rent Board's 1993-94 budget.

The Rent Board's 1992-93 budget totals \$1,580,000. The estimated revenue amount for 1992-93 (based on the \$8 fee) is \$1,370,000. The \$1,370,000 combined with carryforward funds in the amount of \$224,000 brings the total estimated revenue amount to approximately \$1,594,000 or \$14,000 more than the 1992-93 budgeted amount. The \$14,000 would be carried forward to 1993-94.

BOARD OF SUPERVISORS
BUDGET ANALYST

Mr. Grubb advises that based on the Rent Board's proposed 1993-94 budget in the amount of \$1,640,000, the Rent Board is projecting a budget shortfall for 1993-94 as follows:

Projected Rent Fee Revenue (based on \$8 fee)	\$1,370,000
Carryforward Funds From 1992-93	<u>14,000</u>
Total Estimated Revenues	\$1,384,000
Mayor's Proposed Rent Board 1993-94 Budget	<u>1,640,000</u>
Projected Revenue Shortfall for 1993-94	\$256,000

Mr. Grubb reports that the Rent Board projects that the proposed \$2 increase in the cap on the Rent Stabilization and Arbitration fee from \$8 to \$10, will generate an additional approximately \$300,000 in revenue for 1993-94 which would offset the projected \$256,000 budget shortfall and would provide \$44,000 (\$300,000 less \$256,000) to be carried forward to 1994-95.

Recommendation: Approval of the proposed ordinance to increase the cap on the Rent Stabilization and Arbitration fee by \$2 from \$8 to \$10 is a policy matter for the Board of Supervisors.

Items 12 and 13 - Files 218-93-2 and 218-93-3

Department: Mayor's Office
Department of Public Works (DPW)

Item: Item 12 (File 218-93-2) is a resolution urging the Mayor to submit to the Board of Supervisors a consolidated graffiti eradication effort under one department (excluding MUNI) in the Fiscal Year 1993-94 budget.

Item 13 (File 218-93-3) is a resolution urging the Mayor to submit a supplemental appropriation ordinance which would consolidate funding of City departments' graffiti efforts (excluding MUNI) under one department.

Description: Currently, efforts to eradicate graffiti by the City has been distributed among numerous Departments with the exception of MUNI which has its own program to target graffiti. The proposed resolutions reflect that the City will need to consolidate anti-graffiti efforts in the ensuing years in order to wage an effective battle against graffiti. As such the proposed resolutions would urge the Board of Supervisors, to urge the Mayor, a) to submit to the Board a consolidated graffiti eradication effort under one Department in the 1993-94 budget (File 218-93-2) and b) to submit a supplemental appropriation ordinance to fund graffiti removal efforts by the selected department (File 218-93-3).

Comments: 1. Mr. Morton Miller of the Mayor's Office advises that the Mayor's Office has been working on consolidation of graffiti removal efforts for the last year. Mr. Miller states that consolidating graffiti removal efforts under one department (i.e. Street Cleaning Division of the DPW) would expedite the removal of graffiti from around the City. Currently, those departments which have the responsibility to remove graffiti from their own structures have not been able to do so because of a lack of funds, according to Mr. Miller. Mr. Miller advises that, under the Mayor's plans which are currently being considered, the MUNI, the Recreation and Park Department and the Port would not be included in any consolidation efforts. Excluding the MUNI, the Recreation and Park Department and the Port, the Department of Public Works is currently the primary department being considered by the Mayor's Office for having responsibility for graffiti removal on a consolidated City-wide basis.

2. Mr. Derek Chu of the Mayor's Office advises that the Mayor's Office is currently in the process of determining the overall amount of funding that would need to be budgeted for

BOARD OF SUPERVISORS
BUDGET ANALYST

the consolidated removal of graffiti by one department. Mr. Chu reports that the Mayor's Office is in the process of identifying a funding source for such a supplemental appropriation ordinance and that it is not yet certain when such a supplemental appropriation ordinance will be submitted to the Board of Supervisors.

3. Mr. Scott Shoaf of the DPW reports that because the DPW deals mainly with streets and thoroughfares, the DPW should not be responsible for removing graffiti that is not bordering City streets or thoroughfares because such areas are not normally within the DPW's jurisdiction. Such areas would include Housing Authority and school properties for examples.

4. Presently, the MUNI and the Recreation and Park Department are expending an estimated \$1,500,000 (excluding a one time program cost of \$1,083,901) and \$150,000 (average) respectively on an annual basis to remove graffiti. The Port states that Port graffiti eradication costs are included in their daily operating costs and therefore, an annual estimate of graffiti eradication expenditures is not known.

5. Mr. Shoaf estimates that DPW presently expends an approximately \$37,500 annually to remove graffiti from areas within its jurisdiction. Mr. John Cribbs of the DPW advises that he does not have a current estimate of the total annual costs to consolidate the removal of graffiti on a City-wide basis.

Recommendation: Approval of the proposed resolutions is a policy matter for the Board of Supervisors.

Item 14 - File 239-93-1

Item: Resolution approving and authorizing the borrowing of funds for Fiscal Year 1993-94 and the issuance and sale of City and County of San Francisco, California 1993-94 Tax and Revenue Anticipation Notes therefor; approving official statement relating to such notes; authorizing the distribution of an official notice inviting bids in connection with the notes; authorizing public sale of such notes and authorizing other official actions in connection therewith.

Amount: Not to exceed \$400 million (see Comment 1).

Description: The City's revenues are not received at a uniform level throughout the year, but rather are received according to when the different sources of revenues become payable to the City. In contrast, the City's expenditures, such as payroll expenditures, tend to be more uniform throughout the year.

According to the Controller, the City typically has a total of over \$1.5 billion in cash on hand at any one time; however, over the last several years, the General Fund's share of the City's cash funds has been shrinking, and in 1992-93 there were several months when the General Fund cash balance was negative.

Tax and Revenue Anticipation Notes (TRANS) are short-term (not longer than 13 months) tax exempt securities which are authorized pursuant to the California Government Code and which may be used to "smooth" the City's cash flow. The proceeds from the sale of these notes would be used to pay the City's expenses as these become due, in anticipation of the City's receipt of taxes, income, revenues, cash receipts, and other monies which will be paid at a later date to the City's General Fund.

The Controller reports that the proceeds from the sale of the TRANS notes would be invested, until such time as the proceeds were needed to meet the City's expenditure requirements. The Controller estimates that approximately \$4 million in interest income could be realized in Fiscal Year 1993-94 by investing the proceeds of the TRANS notes, representing new General Fund revenues for the City. These additional revenues to the City would result from investing an estimated \$300 million in proceeds from the sale of the securities at an estimated interest rate of 4.5 percent, which would be 1.5 percentage points higher than the anticipated interest rate of approximately 3 percent which the Controller estimates the City will pay in order to borrow the funds.

BOARD OF SUPERVISORS
BUDGET ANALYST

2. In accordance with the Charter, the City currently maintains a Cash Reserve Fund for use in alleviating cash flow shortages throughout any fiscal year. The City annually allocates funds to the Cash Reserve Fund equal to 10 percent of property tax revenues which were received in the prior year. The City Controller, Mr. Harrington, reports that the Cash Reserve Fund of approximately \$52 million is no longer sufficient to meet the City's cash flow needs.

3. The amount of TRANs notes which will be issued will be based on the Controller's projections of the maximum deficit which is anticipated to occur in the General Fund during Fiscal Year 1993-94, and the projected General Fund expenditures in the following month, rather than on the City's actual experience in Fiscal Year 1992-93, as described above (at Comment 1). However, using Fiscal Year 1992-93 as an indicator of the City's cash flow situation, Ms. Chow reports that the City would be eligible to issue TRANs notes in a minimum amount of \$274 million to \$300 million in Fiscal Year 1993-94, based on the City's experience in Fiscal Year 1992-93.

Ms. Chow indicates that the City may qualify to issue TRANs notes in an amount up to \$400 million, based on the City's anticipated cash flow situation in Fiscal Year 1993-94. The Controller's Office is currently refining its cash flow projections for 1993-94 in order to determine the specific amount of TRANs notes which the City could prudently issue in order to comply with statutory requirements. Mr. Harrington reports that TRANs notes would only be issued in an amount which he deems to be prudent, based in part on consultations with legal and financial consultants. Mr. Harrington also states that independent bond-rating agencies which evaluate the City's financial health recognize that the use of Tax and Revenue Anticipation Notes is an intelligent way for the City to manage its cash flow needs.

4. The proposed resolution provides that the interest rate to be paid by the City on the proposed TRANs notes could not exceed six percent. Ms. Chow reports that the actual interest cost to the City is expected to be approximately 2.5 to 3 percent. The Budget Analyst notes that, at an interest rate of 3 percent on a principal amount of \$400 million (representing the maximum amount of TRANs notes which would be authorized under the proposed resolution), the City's total interest costs over one year would be approximately \$12 million.

5. Although the City would incur interest costs for the issuance of the TRANS notes, the City would also be able to invest the proceeds from the notes, and the notes would therefore generate interest income to the City. Moreover, the Controller reports that the proceeds from the sale of the notes will be invested at an interest rate which is expected to be higher than the interest rate which the City will pay to finance the notes.

Specifically, Mr. Harrington reports that the City Treasurer expects to realize a 4.5 percent rate of return on the proceeds from the sale of the proposed TRANS notes. This estimated 4.5 percent rate of return would be approximately 1.5 percentage points higher than the projected 3 percent interest rate which the Controller estimates the City will pay to finance the TRANS notes. Mr. Harrington therefore estimates that, if the City issues \$300 million in TRANS notes, the City could realize net new revenues, by investing the proceeds of the sale, of approximately \$4 million in 1993-94.

The Budget Analyst notes that an investment of \$300 million at a 1.5 percent interest rate over a one year period would generate \$4.5 million in interest income, if no deductions were made from the principal amount over the term of the investment. Therefore, the Budget Analyst concurs in the Controller's estimate of the potential net new revenues to the City of approximately \$4 million, assuming that \$300 million in TRANS notes are sold and subsequently invested at an interest rate which is 1.5 percentage points higher than the City's interest costs to finance the sale of the notes.

6. Proceeds from the sale of the TRANS notes would be required to be deposited into a special fund within the General Fund (the Tax and Revenue Anticipation Notes Fund, or "Note Fund"), which would be established by the proposed resolution. Interest earned on the investment of the proceeds of the TRANS notes would also be deposited to the Note Fund.

The proposed resolution provides that amounts in the Note Fund could be withdrawn and expended by the City for any purpose for which the City is authorized to expend funds from the General Fund. However, funds could be expended from the Note Fund only after other unrestricted General Fund monies had been exhausted or were otherwise not available to meet the City's expenditure requirements.

7. Repayment of the principal and interest on the proposed TRANs notes would be made from "taxes, income, revenue, cash receipts and other monies" which accrue to the General Fund as unrestricted revenues in 1993-94, and which are "lawfully available for the payment of current expenses and other obligations of the City."

8. The proposed resolution would establish a Tax and Revenue Anticipation Note Repayment Fund, into which General Fund revenues would be deposited as security for the TRANs notes. The proposed resolution includes the City's "pledge" that it will deposit General Fund revenues into the Repayment Fund as security for repayment of the TRANs notes. The amounts and timing of such deposits would be determined by the Controller.

Funds in the Repayment Fund could be invested by the City. Interest earned by the Repayment Fund would also be deposited to the Repayment Fund, although interest accruing to the Repayment Fund could be withdrawn as needed for budgetary purposes. On the maturity date of the TRANs notes, the Repayment Fund would be used to redeem the notes. Any excess funds in the Repayment Fund at that time would be transferred to the General Fund.

9. The proposed resolution provides that the holder(s) of TRANs notes would not have an option to redeem the notes prior to the maturity of the notes. Therefore, the City would not be required to repay the notes prior to the maturity date.

10. Mr. Harrington reports that, although the City has not previously issued TRANs notes for cash flow purposes, San Francisco General Hospital has previously utilized this type of financing by participating in State-wide pools for the sale of TRANs notes. Since this State-wide program expired approximately 1 1/2 years ago, the City has assumed greater responsibility for San Francisco General Hospital's cash flow needs, which has exacerbated the City's overall cash flow situation. In addition, Mr. Harrington states that the City is only now seeking to issue TRANs notes because of recent statutory changes which have made this financing mechanism more feasible for the City.

11. In summary, the proposed sale of Tax and Revenue Anticipation Notes is a technique authorized under State law to provide a temporary source of revenues to alleviate cash flow shortages, pending the receipt of City and County revenues from a variety of sources.

BOARD OF SUPERVISORS
BUDGET ANALYST

Although the City would incur interest costs estimated at approximately \$12 million in order to finance the proposed TRANS notes, the City will, in turn, invest the proceeds from the sale of the notes in order to generate new interest income for the City. The Controller advises that, since the interest income which the City expects to receive by investing the proceeds is expected to exceed the interest costs to the City to finance the issuance of the notes, the City is expected to realize net new revenues of approximately \$4 million by issuing the proposed Tax and Revenue Anticipation Notes for Fiscal Year 1993-94.

12. Based on the review of this legislation by the Budget Analyst, the Budget Analyst concurs with the Controller that the authorization of Tax and Revenue Anticipation Notes is a prudent method to enhance the City's cash flow and at the same time earn interest income.

Recommendation: Approve the proposed resolution.

Item 15 - File 96-93-1.1

- Department:** Public Utilities Commission (PUC)
- Item:** Ordinance to repeal Ordinance No. 100-93 which authorized and directed the sale of surplus city-owned property known as a portion of Water Department Parcel 55 located at Lake Merced Boulevard and John Muir Drive, which property is currently being leased to the Olympic Club.
- Background:** In March of 1993, the Board of Supervisors approved Ordinance No. 100-93 (File 96-93-1) which authorized and directed the sale of the surplus City-owned property known as the Olympic Club. The Water Department set a minimum bid for the sale of \$2.2 million which, according to the Real Estate Department, is the fair market value for the property. The sale of the property was scheduled to be advertised on May 24, 1993.
- Description:** The proposed ordinance would repeal Ordinance No. 100-93, thus repealing the authorization for the sale of the said property. It is the intent of the author of the proposed ordinance to delay the sale of the property pending the resolution of two issues pertaining to the sale of the land: 1) the determination of the correct fair market value of the land and 2) the collection of retroactive rental payments from the Olympic Club.
- An outside appraisal of the property reflects that the Olympic Club land has a fair market value of approximately \$7.0 million which could set the minimum bid for the sale of the property at \$7.0 million. This appraisal was conducted by Neil Harnett, of Real Estate Consulting and Appraisals, and is based on a review of the subject 17.35 acres of City land currently leased to the Olympic Club. The analysis was based on RH-1(D) zoning, which is the zoning classification of the Olympic Club's adjoining property. Mr. Harnett, in a letter to the sponsor of this legislation dated May 5, 1993, states that the City should be able to realize approximately \$7.0 million, or \$4.8 million more than the current Real Estate Department appraisal of \$2.2 million.
- Comments:** 1. Mr. Anthony DeLucchi of the Real Estate Department reports that zoning classification RH-1(D) means that an area would be developed for detached single family dwelling units or other detached single properties. The \$2.2 million appraisal as determined by the Real Estate Department is based upon P/OS (Open Space) zoning, which is zoning for public use. Mr. DeLucchi advises that the Real Estate Department's appraisal

BOARD OF SUPERVISORS
BUDGET ANALYST

of \$2.2 million for the property is based upon current zoning restrictions for the property as required by the Master Plan. The property is to remain as open space for recreational uses such as for a golf course or a park and is not to be developed with buildings. Mr. DeLucchi states that if it is determined that the property should be rezoned for different purposes, the Planning and Coastal Commissions would need to be involved in the rezoning effort and an Environmental Impact Review would be required.

2. Mr. Lucian Blazej of the Planning Commission reports that at the Planning Commission meeting on May 6, 1993, public sentiment was in favor of maintaining Master Plan requirements for this property rather than for developing the property for housing. The Planning Commission found that the Olympic Club property could be sold subject to conditions that the land would maintain its natural open space characteristics. The sponsor of the proposed ordinance also believes that the land should maintain its open space characteristics.

3. The minimum bid of \$2.2 million for the sale of this City-owned property which is presently leased by the PUC to the Olympic Club, was the source of funds for one of the budget revisions previously approved by the Board of Supervisors in order to assist in resolving the City's projected FY 1992-93 budget deficit.

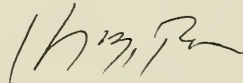
4. The subject property is presently being leased by the Olympic Club from the City. According to Ms. Morioka, in 1989, the City and the Olympic Club began negotiations to increase the Olympic Club's present annual rent of \$41,769. Due to litigation matters which delayed the negotiation process, Ms. Morioka advises that the Water Department is still in negotiations with the Olympic Club regarding the issue of retroactive rent payments owed by the Olympic Club to the City. Mr. DeLucchi estimates that the amount owed by the Olympic Club to the City may be approximately \$400,000. Ms. Morioka advises that the amount of retroactive rent owed to the City has not been finalized as negotiations have not been completed. The sponsor of the legislation recommends that the issue of obtaining retroactive rental payments owed to the City be resolved prior to the sale of the property.

5. Although the Real Estate Department states that their appraisal is based on the public use of the property as open space, in fact the subject property is not available for general public use. The Real Estate Department reports that their

appraisal is based on the open space restrictions of the said property in accordance with the Master Plan.

6. It is the intent of the sponsor of this legislation to submit separate legislation reauthorizing the sale of the property once a determination is made as to the true fair market value of the property and when the matter of retroactive rental payments has been resolved.

Recommendation: Approval of the proposed ordinance is a policy matter for the Board of Supervisors.



Harvey M. Rose

cc: Supervisor Migden
Supervisor Hsieh
President Alioto
Supervisor Achtenberg
Supervisor Bierman
Supervisor Conroy
Supervisor Hallinan
Supervisor Kaufman
Supervisor Kennedy
Supervisor Maher
Supervisor Shelley
Clerk of the Board
Chief Administrative Officer
Controller
Teresa Serata
Barbara Kolesar
Ted Lakey

REVISED

ATTN: Jane Hudson

Memo to Budget Committee
May 19, 1993Item 11 - File 97-93-26**Department:** Rent Board**Item:** Ordinance amending the Administrative Code by amending Section 37A.2 (d) to increase the Residential Rent Stabilization and Arbitration Fee from \$8.00 to \$10.00 dollars.**Description:** Pursuant to Chapter 37 of the Rent Ordinance, all owners of rental units, with the exception of those that are four units or less and are owner occupied, are required to pay an annual Rent Stabilization and Arbitration fee for each unit. Section 37(p) of the Rent Ordinance defines rental units as "all residential dwelling units in the City and County of San Francisco together with the land and buildings thereto, and housing service, privileges, furnishings and facilities supplied in connection with use or occupancy thereof, including garage and parking facilities." Monies generated by the rent fees are deposited in the Rent Stabilization and Arbitration Fund and are used to pay for the costs of administering and enforcing the Rent Ordinance by the Rent Board. Section 37A.2 (d) stipulates that these fees must equal the projected annual cost of funding the Rent Board plus related administrative costs including, but not limited to, the Tax Collector and Controller, divided by the total number of residential units estimated to pay the fee minus any balance remaining in the Rent Stabilization and Arbitration Fund. Section 37A.2 (d) presently also stipulates that the fee must in no event exceed \$8 per residential unit. Section 37A.2 (e) states that the fee is for regulatory purposes only and is not designed or intended to be used for revenue purposes. Any surplus collected in a given year will be used to reduce the fee in the next year.

The proposed ordinance would amend Section 37A.2 (d) to increase the cap on the Rent Stabilization and Arbitration fee by \$2 from \$8 to \$10, effective July 1, 1993. Mr. Joe Grubb of the Rent Board advises this increase is necessary in order to pay for a projected shortfall in the Rent Board's 1993-94 budget.

The Rent Board's 1992-93 budget totals \$1,580,000. The estimated revenue amount for 1992-93 is \$1,300,000 (based on the \$8 fee for 162,500 residential rental units) plus \$70,000 (based on a \$4 fee for 17,500 residential hotel units) for a total of \$1,370,000. The \$1,370,000 combined with carryforward funds in the amount of \$224,000 brings the total estimated revenue amount to approximately \$1,594,000 or \$14,000 more than the 1992-93 budgeted amount. The \$14,000 would be carried forward to 1993-94.

**BOARD OF SUPERVISORS
BUDGET ANALYST**

DOCUMENTS DEPT.

MAY 20 1993

SAN FRANCISCO
PUBLIC LIBRARY

Mr. Grubb advises that based on the Rent Board's proposed 1993-94 budget in the amount of \$1,640,000, the Rent Board is projecting a budget shortfall for 1993-94 as follows:

Projected Residential Rental Unit Fee Revenue (based on the \$8 fee)	\$1,300,000
Projected Residential Hotel Unit Fee Revenue (based on the \$4 fee)	70,000
Carryforward Funds From 1992-93	<u>14,000</u>
Total Estimated Revenues	\$1,384,000
Mayor's Proposed Rent Board 1993-94 Budget	<u>1,640,000</u>
Projected Revenue Shortfall for 1993-94	\$256,000

Mr. Grubb reports that the Rent Board projects that the proposed \$2 increase in the cap on the Rent Stabilization and Arbitration fee from \$8 to \$10, will increase the revenues from residential rental units by approximately \$325,000 from \$1,300,000 to \$1,625,000 (based on 162,500 residential rental units) for 1993-94 which would offset the projected \$256,000 budget shortfall and would provide \$69,000 (\$325,000 less \$256,000) to be carried forward to 1994-95. The \$4 fee on the 17,500 residential hotel units will continue to generate \$70,000 resulting in no new revenue from the residential hotel units to impact the projected budget shortfall.

Recommendation: Approval of the proposed ordinance to increase the cap on the Rent Stabilization and Arbitration fee by \$2 from \$8 to \$10 is a policy matter for the Board of Supervisors.

SF
590.07
#2
5-26-93

CALENDAR — *Actions Taken*

PUBLIC LIBRARY (2)
DOCUMENT DIVISION
CIVIC CENTER

MEETING OF
BUDGET COMMITTEE
BOARD OF SUPERVISORS
CITY AND COUNTY OF SAN FRANCISCO

DOCUMENTS DEPT.

JUN 01 1993

SAN FRANCISCO
PUBLIC LIBRARY

WEDNESDAY, MAY 26, 1993 – 2:00 P.M.

ROOM 228, CITY HALL

PRESENT: SUPERVISORS MIGDEN, HSIEH, ALIOTO

CLERK: KAY GULBENGAY

NOTE: Copies of the Budget Analyst's Report will be available for review on the counter in the Office of the Clerk of the Board, Room 235, City Hall, 10:00 a.m., the date of the meeting.

CONSENT CALENDAR

1. All matters listed hereunder constitute a Consent Calendar, are considered to be routine by the Budget Committee, and will be acted upon by a single roll call vote of the Committee. There will be no separate discussion of these items unless a member of the Committee or a member of the public so requests, in which event the matter shall be removed from the Consent Calendar and considered as a separate item.

- (a) File 101-90-86.2. [Release of Funds] Requesting release of reserved funds, Police Department – 1987 Police Facilities Improvement Bond Fund, in the amount \$1,740,000, for the renovation of Taraval Police Station, (Transworld, contractor). (Police Department)

ACTION: Hearing held. Release of \$1,740,000 recommended. Filed.

- (b) File 101-91-75.1. [Release of Funds] Requesting release of reserved funds, Police Department – 1987 Police Facilities Improvement Bond Fund, in the amount \$1,893,000, for the renovation of Taraval Police Station, (Transworld, contractor). (Police Department)

ACTION: Hearing held. Release of \$1,769,108 recommended. Filed.

- (c) File 101-90-86.3. [Release of Funds] Requesting release of reserved funds, Police Department – 1987 Police Facilities Improvement Bond Fund, in the amount \$2,000,000, for the construction of the new Mission Police Station and the Juvenile Division (Police Department)

ACTION: Hearing held. Release of \$2,000,000 recommended. Filed.

- (d) File 101-90-84.6. Release of Funds] Requesting release of reserved funds, Fire Department - 1986 Fire Protection System Improvement Bonds, Series 1991B, in an amount totalling \$2,585,543, for the improvements and extensions to the Fire Department's Auxiliary Water Supply System (AWSS), (\$1,658,866 for Contract #6666E, AWSS extension at Claremont/Portola and San Fernando Way, D'Arcy & Harty/San Luis Construction, contractor and \$1,510,802 for contract #6681E, for AWSS extension at Mission, Admirel, Lyell and Bosworth, McNamara & Smallman Construction, Inc., contractor). (Fire Department)

ACTION: Hearing held. Release of \$285,543 recommended. Filed.

- (e) File 101-91-63.1. [Release of Funds] Requesting release of reserved funds, Department of Public Works, in the amount of \$225,000, for construction of Polk Street Pavement Renovation Project; companion measure File 148-92-4.1. (Department of Public Works)

ACTION: Hearing held. Release of \$180,797 recommended. Filed.

- (f) File 148-92-4.1. [Release of Funds] Requesting release of reserved funds, Department of Public Works, in the amount of \$779,064, for construction of Polk Street Pavement Renovation Project; companion measure File 101-91-63.1. (Department of Public Works)

ACTION: Hearing held. Release of \$741,114 recommended. Filed.

REGULAR CALENDAR

2. File 101-92-81. [Government Funding] Ordinance appropriating \$1,604,362, Police Department, for capital improvement project. RO #92223 (Controller)

ACTION: Hearing held. Recommended.

3. File 101-92-82. [Government Funding] Ordinance appropriating \$197,000, Chief Administrative Officer, for various purposes. RO #92255 (Controller)

ACTION: Hearing held. Recommended.

4. File 101-92-84. [Government Funding] Ordinance appropriating and certifying \$21,901, Department of Public Works, for various capital improvement projects to cover ten percent overage as per Charter Section 7.203, providing for ratification of action previously taken. RO #92260 (Controller)

ACTION: Hearing held. Recommended.

5. File 101-92-85. [Government Funding] Ordinance appropriating \$17,500, Commission on the Status of Women, for program project budget (Sexual Harassment). RO #92261 (Controller)

ACTION: Hearing held. Amended on page 1 line 1 (in title) by replacing "\$17,500" with "\$25,000"; on line 2 after "1992-93" by inserting "placing \$25,000 on reserve"; on line 16 by adding "Sec. 2. Funds in the amount of \$25, 000 are hereby placed on reserve pending the Commission's selection of a consultant and submission of hours, hourly rates and the MBE/WBE status of the consultant, to be released by the Budget Committee."

New Title: "Appropriating \$25,500, Commission on the Status of Women, for program project budget (Sexual Harassment) for fiscal year 1992-93; placing \$25,000 on reserve."
Recommended as amended.

6. File 101-92-86. [Government Funding] Ordinance appropriating \$64,744, Adult Probation, for professional services; providing for ratification of action previously taken. RO #92256 (Controller)

ACTION: Hearing held. Continued to June 2, 1993 meeting.

7. File 101-92-87. [Government Funding] Ordinance appropriating \$4,450,000, Superior Court, for other contractual services and services of other departments-Chief Administrative Officer. RO #92262 (Controller)

ACTION: Hearing held. Continued to June 2, 1993 meeting. (Supervisor Alioto added as co-sponsor.)

8. File 101-92-79. [Government Funding] Ordinance appropriating \$576,854, Water Department, for permanent salaries and mandatory fringe benefits and services of other departments-Light, Heat and Power and rescinding \$576,854 from permanent salaries and related mandatory fringe benefits, for the creation of three positions and deletion of three positions. RO #92251 (Controller)

ACTION: Hearing held. Amended on page 1 lines 1,(in title) 3 and 16 by replacing "\$576,854 with "\$562,500" on line 12 by replacing "\$541,168" with "\$529,684" and deleting "\$11,484"; on line 13 by replacing "\$35,686" with "\$32,816" and deleting "\$2,870".

New Title: "Appropriating \$562,500, Water Department, for permanent salaries and mandatory fringe benefits and services of other departments-Light, Heat and Power and rescinding \$562,500 from permanent salaries and related mandatory fringe benefits, for the creation of three positions and deletion of three positions."
Recommended as amended.

9. File 102-92-17. [Public Employment] Ordinance amending Annual Salary Ordinance, 1992-93, Water Department, reflecting the addition of three positions (Classification 7334 Stationary Engineer (3) and deletion of three positions Classifications 7463 Utility Plumber Apprentice (2) and 7410 Automotive Service Worker (1); companion measure to File 101-92-79. (Civil Service Commission)

ACTION: Hearing held. Recommended.

10. File 127-93-5. [Utility User Tax Amendments] Ordinance amending Article 10 of the San Francisco Municipal Code (Part III) by amending Sections 707.2 and 707.3 to delete the sunset provisions of these sections, which were adopted in July, 1992 to increase the tax rate to six and one half percent and to extend the telephone users tax to interstate and international telephone communication services for the period from August, 1992 to June, 1993. (Supervisor Migden)

ACTION: Hearing held. Amended of the whole (as presented by Supervisor Migden) adopted. Further amended (See File For Details).

New Title: "Amending Article 10 of the San Francisco Municipal Code by amending Section 707.2 to increase the tax rate to 7%, effective July 1, 1993, and amending Section 707.3 to delete the sunset provision of this section, which extended the telephone users tax to interstate and international telephone communication services for the period from August, 1992 to June 1993." Continued to June 2, 1993 meeting as amended.

(Supervisor Hsieh dissented.)

CALENDAR

MEETING OF
BUDGET COMMITTEE
BOARD OF SUPERVISORS
CITY AND COUNTY OF SAN FRANCISCO

DOCUMENTS DEPT.

JUN 01 1993

SAN FRANCISCO
PUBLIC LIBRARY

WEDNESDAY, MAY 26, 1993 - 2:00 P.M.

ROOM 228, CITY HALL

PRESENT: SUPERVISORS MIGDEN, HSIEH, ALIOTO

CLERK: KAY GULBENGAY

NOTE: Copies of the Budget Analyst's Report will be available for review on the counter in the Office of the Clerk of the Board, Room 235, City Hall, 10:00 a.m., the date of the meeting.

CONSENT CALENDAR

1. All matters listed hereunder constitute a Consent Calendar, are considered to be routine by the Budget Committee, and will be acted upon by a single roll call vote of the Committee. There will be no separate discussion of these items unless a member of the Committee or a member of the public so requests, in which event the matter shall be removed from the Consent Calendar and considered as a separate item.

- (a) File 101-90-86.2. [Release of Funds] Requesting release of reserved funds, Police Department - 1987 Police Facilities Improvement Bond Fund, in the amount \$1,740,000, for the renovation of Taraval Police Station, (Transworld, contractor). (Police Department)

ACTION: Hearing held. Release of \$1,740,000 recommended. Filed.

- (b) File 101-91-75.1. [Release of Funds] Requesting release of reserved funds, Police Department - 1987 Police Facilities Improvement Bond Fund, in the amount \$1,893,000, for the renovation of Taraval Police Station, (Transworld, contractor). (Police Department)

ACTION: Hearing held. Release of \$1,769,108 recommended. Filed.

- (c) File 101-90-86.3. [Release of Funds] Requesting release of reserved funds, Police Department - 1987 Police Facilities Improvement Bond Fund, in the amount \$2,000,000, for the construction of the new Mission Police Station and the Juvenile Division (Police Department)

ACTION: Hearing held. Release of \$2,000,000 recommended. Filed.

- (d) File 101-90-84.6. Release of Funds] Requesting release of reserved funds, Fire Department – 1986 Fire Protection System Improvement Bonds, Series 1991B, in an amount totalling \$2,585,543, for the improvements and extensions to the Fire Department's Auxiliary Water Supply System (AWSS), (\$1,658,866 for Contract #6666E, AWSS extension at Claremont/Portola and San Fernando Way, D'Arcy & Harty/San Luis Construction, contractor and \$1,510,802 for contract #6681E, for AWSS extension at Mission, Admirel, Lyell and Bosworth, McNamara & Smallman Construction, Inc., contractor). (Fire Department)

ACTION: Hearing held. Release of \$285,543 recommended. Filed.

- (e) File 101-91-63.1. [Release of Funds] Requesting release of reserved funds, Department of Public Works, in the amount of \$225,000, for construction of Polk Street Pavement Renovation Project; companion measure File 148-92-4.1. (Department of Public Works)

ACTION: Hearing held. Release of \$180,797 recommended. Filed.

- (f) File 148-92-4.1. [Release of Funds] Requesting release of reserved funds, Department of Public Works, in the amount of \$779,064, for construction of Polk Street Pavement Renovation Project; companion measure File 101-91-63.1. (Department of Public Works)

ACTION: Hearing held. Release of \$741,114 recommended. Filed.

REGULAR CALENDAR

2. File 101-92-81. [Government Funding] Ordinance appropriating \$1,604,362, Police Department, for capital improvement project. RO #92223 (Controller)

ACTION: Hearing held. Recommended.

3. File 101-92-82. [Government Funding] Ordinance appropriating \$197,000, Chief Administrative Officer, for various purposes. RO #92255 (Controller)

ACTION: Hearing held. Recommended.

4. File 101-92-84. [Government Funding] Ordinance appropriating and certifying \$21,901, Department of Public Works, for various capital improvement projects to cover ten percent overage as per Charter Section 7.203, providing for ratification of action previously taken. RO #92260 (Controller)

ACTION: Hearing held. Recommended.

5. File 101-92-85. [Government Funding] Ordinance appropriating \$17,500, Commission on the Status of Women, for program project budget (Sexual Harassment). RO #92261 (Controller)

ACTION: Hearing held. Amended on page 1 line 1 (in title) by replacing "\$17,500" with "\$25,000"; on line 2 after "1992-93" by inserting "placing \$25,000 on reserve"; on line 16 by adding "Sec. 2. Funds in the amount of \$25,000 are hereby placed on reserve pending the Commission's selection of a consultant and submission of hours, hourly rates and the MBE/WBE status of the consultant, to be released by the Budget Committee."
New Title: "Appropriating \$25,500, Commission on the Status of Women, for program project budget (Sexual Harassment) for fiscal year 1992-93; placing \$25,000 on reserve."
Recommended as amended.

6. File 101-92-86. [Government Funding] Ordinance appropriating \$64,744, Adult Probation, for professional services; providing for ratification of action previously taken. RO #92256 (Controller)

ACTION: Hearing held. Continued to June 2, 1993 meeting.

7. File 101-92-87. [Government Funding] Ordinance appropriating \$4,450,000, Superior Court, for other contractual services and services of other departments—Chief Administrative Officer. RO #92262 (Controller)

ACTION: Hearing held. Continued to June 2, 1993 meeting. (Supervisor Alioto added as co-sponsor.)

8. File 101-92-79. [Government Funding] Ordinance appropriating \$576,854, Water Department, for permanent salaries and mandatory fringe benefits and services of other departments—Light, Heat and Power and rescinding \$576,854 from permanent salaries and related mandatory fringe benefits, for the creation of three positions and deletion of three positions. RO #92251 (Controller)

ACTION: Hearing held. Amended on page 1 lines 1,(in title) 3 and 16 by replacing "\$576,854" with "\$562,500" on line 12 by replacing "\$541,168" with "\$529,684" and deleting "\$11,484"; on line 13 by replacing "\$35,686" with "\$32,816" and deleting "\$2,870".
New Title: "Appropriating \$562,500, Water Department, for permanent salaries and mandatory fringe benefits and services of other departments—Light, Heat and Power and rescinding \$562,500 from permanent salaries and related mandatory fringe benefits, for the creation of three positions and deletion of three positions."
Recommended as amended.

9. File 102-92-17. [Public Employment] Ordinance amending Annual Salary Ordinance, 1992-93, Water Department, reflecting the addition of three positions (Classification 7334 Stationary Engineer (3) and deletion of three positions Classifications 7463 Utility Plumber Apprentice (2) and 7410 Automotive Service Worker (1); companion measure to File 101-92-79. (Civil Service Commission)

ACTION: Hearing held. Recommended.

10. File 127-93-5. [Utility User Tax Amendments] Ordinance amending Article 10 of the San Francisco Municipal Code (Part III) by amending Sections 707.2 and 707.3 to delete the sunset provisions of these sections, which were adopted in July, 1992 to increase the tax rate to six and one half percent and to extend the telephone users tax to interstate and international telephone communication services for the period from August, 1992 to June, 1993. (Supervisor Migden)

ACTION: Hearing held. Amended of the whole (as presented by Supervisor Migden) adopted. Further amended (See File For Details).

New Title: "Amending Article 10 of the San Francisco Municipal Code by amending Section 707.2 to increase the tax rate to 7%, effective July 1, 1993, and amending Section 707.3 to delete the sunset provision of this section, which extended the telephone users tax to interstate and international telephone communication services for the period from August, 1992 to June 1993." Continued to June 2, 1993 meeting as amended.

(Supervisor Hsieh dissented.)

07
6-93
sed p. 23-24
CITY AND COUNTY



OF SAN FRANCISCO

BOARD OF SUPERVISORS

BUDGET ANALYST

1390 MARKET STREET, SUITE 1025

SAN FRANCISCO, CALIFORNIA 94102 • TELEPHONE (415) 554-7642

May 24, 1993

TO: Budget Committee
FROM: Budget Analyst *Recommendations*
SUBJECT: May 26, 1993 Budget Committee Meeting

DOCUMENTS DEPT.

MAY 25 1993

SAN FRANCISCO
PUBLIC LIBRARY

Items 1a, 1b, and 1c - Files 101-90-86.2, 101-91-75.1 and 101-90-86.3

Department: Police Department

Items: Item 1a - File 101-90-86.2 - Release of reserved funds for the Police Department - 1987 Police Facilities Improvement Bond Fund, in the amount of \$1,740,000 for the renovation of Taraval Police Station.

Item 1b - File 101-91-75.1 - Release of reserved funds for the Police Department - 1987 Police Facilities Improvement Bond Fund, in the amount of \$1,893,000 for the renovation of Taraval Police Station.

Item 1c - (File 101-90-86.3) - Release of release of reserved funds for the Police Department - 1987 Police Facilities Improvement Bond Fund, in the amount of \$2,000,000, for the construction of the new Mission Police Station which will include the Police Department's Juvenile Division.

Amount: \$5,633,000 (\$1,740,000 plus \$1,893,000 plus \$2,000,000)

Description: In November, 1987, San Francisco voters authorized a \$28 million General Obligation Bond issue to fund the renovation and improvement of various Police Department facilities. In July 1988, the first bond sale in the amount of \$11 million occurred. Funds from the first bond supported 1) the acquisition of land for the new Bayside Station; 2) the

renovation of the Pistol Range and the Ingleside and Richmond Stations; and 3) preliminary studies on the renovation of the Taraval Station and construction of the new Mission Station. In January 1991, \$10.9 million was sold at a second bond sale. Funds from the second bond sale supported work at the following sites: the Bayview, Central, Mission, Taraval, Park and Richmond Stations.

Items 1a and 1b - Taraval Police Station

The Board of Supervisors previously approved a supplemental appropriation ordinance (File 101-90-86) appropriating \$11,523,772 for various Police facilities maintenance and improvement projects, financial advisors, bond counsel and renovation work for various projects, including the Taraval Station. Of the \$11,523,772, the Board of Supervisors reserved \$1,740,000 in contractual services for the Taraval Station renovation project, pending selection of contractors, contract budget information, and the MBE/WBE status of the contractors.

Additionally, the Board of Supervisors previously approved a supplemental appropriation ordinance (File 101-91-75) appropriating \$6,220,350 for continued renovation work of various projects including the Taraval Station. Of the \$6,220,350, the Board of Supervisors reserved an additional \$1,893,000 in contractual services costs for the Taraval Station renovation project, pending selection of contractors, contract budget information, and the MBE/WBE status of the contractors.

Items 1a and 1b request the release of a total of \$3,633,000 (\$1,740,000 of the File 101-90-86 and \$1,893,000 of the File 101-91-75) reserved for contractual services for the Taraval Station.

The Police Department advises that Transworld Construction, Inc., a certified MBE firm, has been selected through a competitive bidding process as the contractor for the Taraval Station renovation project. Transworld Construction, Inc. submitted the lowest, most responsible bid of \$2,877,000. The construction budget information for the Taraval Station renovation project is as follows:

Construction Contract	\$2,877,000
Contingencies	200,000
Inspections	100,000
Contract Management	122,500
Fees and Testing	70,000
Planning	90,000
Relocation costs	120,000
Design and consulting	<u>643,000</u>
Total Construction Budget	\$4,222,500
Less Funding Previously Appropriated	<u>713,392*</u>
Net Construction Budget	\$3,509,108

The \$3,633,000 requested by the Police Department to be released for construction services for the Taraval Station Renovation Project is \$123,892 more than \$3,509,108 unfunded balance of the construction budget. Captain Tom Suttmeier of the Police Department advises that this \$123,892 would replace monies that were taken from the funds allocated for the Taraval Station Renovation Project and used for other capital projects, such as the renovation of the Pistol Range.

*Approximately \$713,392 has already been appropriated (Files 101-91-75 and 101-90-86) for the Taraval Station Renovation Project.

Item 1c - Mission Police Station (and Juvenile Division)

The prior appropriation amount of \$6,220,350 (File 101-91-75) mentioned above, also included renovation work for the Central Station. Of the \$6,220,350, the Board of Supervisors reserved \$2,032,157 for the Central Station renovation project, pending selection of contractors, contract budget information, and the MBE/WBE status of the contractors.

Item 1c requests that of \$2,000,000 of the \$2,032,157 (File 101-91-75) total amount reserved for the Central Station renovation project be released from reserve to be used for contractual services for the construction of the new Mission Station/Juvenile Division project (the Juvenile Division will be housed in the new Mission Station). Captain Suttmeier of the Police Department reports that the Central Station would be renovated at a future date with proceeds from a forthcoming sale of the old Central Station.

The Police Department advises that Nibbi Lowe, Inc., a Joint Venture was awarded the construction contract. The joint venture consists of two firms: 1) Nibbi Brothers, which is not

an MBE/WBE firm and 2) Ernie Lowe and Sons, which is a certified MBE firm. Ernie Lowe and Sons will perform approximately 51 percent of the work. The joint venture was selected through a competitive bid process as the contractor for the Mission Station and Juvenile Division project. Nibbi Lowe, Inc. submitted the lowest, most responsible total bid of \$4,034,506. The contract budget information for the Mission Station/Juvenile Division project is as follows:

Construction Contract	\$4,034,506
Less Funding Previously Appropriated	<u>2,034,506*</u>
Proposed Release of Reserve	\$2,000,000

*Approximately \$1,350,000 of the \$2,034,506 has already been appropriated (Files 101-91-75 and 101-90-86) for the new Mission Station and Juvenile Division project. The remaining \$684,506 is the subject of Item 2 - File 101-92-81 of this report.

Comment:

Although Captain Suttmeier indicates that the \$123,892 requested for release (the difference between the \$3,509,108 net construction budget for the Taraval Station renovation project and the \$3,633,000 total requested for release) is needed to replenish funds used for other renovation projects, the Budget Analyst recommends that reimbursement of such cost overruns on other renovation projects should be handled independently. Therefore, only \$3,509,108 for the Taraval Station renovation project should be released and the \$123,892 difference should remain on reserve.

Recommendation: Approve the release of reserved funds in the amount of \$3,509,108 (Files 101-90-86.2 and 101-91-75.1) for the Taraval Station and \$2,000,000 for the Mission Station/Juvenile Division (File 101-90-86.3). The \$123,892 difference between the original amount requested for release (\$3,633,000) and the actual amount required (\$3,509,108) for the Mission Station/Juvenile Division project, as discussed in the comment above, should remain on reserve.

Item 1d - File 101-90-84.6

Department: Fire Department
Department of Public Works, Bureau of Engineering

Item: Release of reserved funds for the construction of improvements and extensions to the Auxiliary Water Supply System

Amount : \$2,585,543

Source of Funds: 1986 Fire Protection System Improvement Bonds

Description: In November of 1986, San Francisco voters approved the issuance of \$46.2 million in Fire Protection System Improvement Bonds (Proposition A) to finance improvements to the City's Auxiliary Water Supply System (AWSS). The AWSS is a system of reservoirs and cisterns, pipelines, and pump stations which will provide a source of water for fire protection in the event that the main water supply system fails, as it did following the 1906 earthquake.

The City sold \$31 million of these bonds in 1987 and the \$15.2 million balance (\$46.2 less \$31 million) of the bonds in 1991. In April 1991, the Board of supervisors appropriated the \$15.2 million proceeds from the second sale of bonds in 1991, but reserved \$13,506,943 that was budgeted for a variety of construction projects, pending specific information concerning the amount of the construction contracts, selection of the contractors and the MBE/WBE status of the contractors. The \$13,506,943 reserved included \$5,170,000 for the Westside and Eastside AWSS Extensions between the Westside AWSS water main at Ocean Avenue and San Fernando Way and the Eastside AWSS water main at Bosworth and Mission Streets. The AWSS extensions consist of the installation of pipelines, hydrants and valves to connect neighborhoods to the Westside and Eastside water mains.

The proposed release of reserve totaling \$2,585,543 would provide funding for two contracts for the partial construction of the Westside and Eastside AWSS Extensions, as follows:

Westside Extension

The proposed release of reserve includes \$1,658,866 for a part of the Westside Extension of the AWSS from the Westside water main at Ocean Avenue and San Fernando Way along Ulloa, Portola and Claremont Streets. Of the five bids received, the Department of Public Works selected the lowest bidder, D'Arcy and Harty/San Luis Construction, an MBE. Four of the

bidders were MBEs. The budget for this part of the Westside Extension is as follows:

Construction Contract	\$1,316,699
Contingencies	131,669
Construction Management (DPW)	<u>210,498</u>
Subtotal - Westside Extension	\$1,658,866

Eastside Extension

The proposed release of reserve includes \$1,510,802 for a part of the Eastside Extension of the AWSS from the Eastside water main at Bosworth and Mission Streets to Ocean Avenue and Norton Street. Of the four bids received, the Department of Public Works selected the lowest bidder, McNamara and Smallman Construction, Inc. One of the four bidders was an MBE firm. The budget for this part of the Eastside Extension is as follows:

Construction Contract	\$1,189,820
Contingencies	118,982
Archaeological Monitoring	10,000
Construction Management (DPW)	<u>192,000</u>
Subtotal - Eastside Extension	<u>\$1,510,802</u>
Total	\$3,169,668
Less Funding From Other Sources	<u>584,125</u>
Proposed Release of Reserve	\$2,585,543

Comment:

Mr. Robert Jew of the Department of Public Works indicates that the Department of Public Works has divided the Westside and Eastside Extension projects into several smaller projects in order to encourage more participation by MBE/WBE construction firms. Any future contracts will be subject to approval of the Board of Supervisors.

Recommendation: Release reserved funds totaling \$2,585,543 as requested.

Items 1e and 1f - File 101-91-63.1 and 148-92-4.1

Note: These items were continued at the May 12, 1993 Budget Committee Meeting.

Department: Department of Public Works (DPW)

Item: Item 1e - File 101-91-63.1 is a release of reserve for funds in the amount of \$225,000 for construction of the Polk Street Pavement Renovation Project.

Item 1f - File 148-92-4.1 is a release of reserve for funds in the amount of \$779,064 for construction of the Polk Street Pavement Renovation Project.

Amount: \$1,004,064 (\$225,000 plus \$779,064)

Description: These items were continued by the Budget Committee at its May 12, 1993 meeting at the request of the DPW, to enable the DPW to finalize their contractor selection process. The DPW now reports that the contractor, contract budget details, and the MBE/WBE status of the contractor have been finalized.

In April of 1992, the Board of Supervisors approved legislation authorizing the DPW to appropriate funds in the amount of \$1,100,257 for a capital improvement project titled Street Reconstruction and Renovation (File 101-91-63). Of the \$1,100,257 amount, \$585,000 budgeted for construction was placed on reserve pending the selection of contractors, the MBE/WBE status of the contractors, and finalized contract cost details. The monies placed on reserve are 1987 - Street Improvement Bond funds.

In July of 1992, the Board of Supervisors approved legislation authorizing the DPW to apply for, accept and expend Federal grant funds for pavement renovation in the amount of \$7,257,000 (File 148-92-4). The entire \$7,257,000 amount was placed on reserve pending the selection of contractors, the MBE/WBE status of the contractors, and finalized contract details.

Mr. Joe Ovadia of the DPW advises that the amounts of released reserves originally requested, as noted above, are incorrect. The DPW is now requesting that \$180,797, or \$44,203 less than the stated \$225,000 amount (File 101-91-63.1) be released for the City-funded portion of the Polk Street Pavement Renovation Project. Additionally, the DPW is now requesting that \$741,114, or \$37,950 less than the stated \$779,064 amount (File 148-92-4.1) be released for the

Federally funded portion of the Polk Street Pavement Renovation Project. Therefore, the total release of reserved funds requested is \$921,911, or \$82,153 less than the \$1,004,064 originally requested.

The DPW, through a Request For Proposal process, received seven bids for the Polk Street Pavement Renovation project. Of these seven bids received, Ghilotti Brothers Construction, a certified DBE (Disabled Business Enterprise) firm, submitted the lowest, most responsible bid of \$704,601. Ghilotti Brothers Construction is not an MBE or a WBE firm.

Mr. Ovadia reports that the budget details for the Polk Street Repavement Project are as follows:

	<u>Street Improvement Bond Portion</u>	<u>Federal Grant Funds Portion</u>	<u>Total Amount</u>
Ghilotti Brothers Contract	\$80,818	\$623,783	\$704,601
Contingencies	8,082	62,378	70,460
Construction Management			
Services	17,897	54,953	72,850
Work Orders - Department of Parking and Traffic	<u>74,000</u>	<u> -</u>	<u>74,000</u>
Total Project Budget	\$180,797	\$741,114	\$921,911

Recommendation: Release reserved funds of \$180,797 for the 1987 - Street Improvement Bond funded portion of the project (File 101-91-63.1) and \$741,114 for the Federal grant funded portion of the project (File 148-92-4.1). Continue to reserve the \$44,203 difference between the revised request of \$180,797 and the original request of \$225,000 for File 101-91-63.1. Also continue to reserve the \$37,950 difference between the revised request of \$741,114 and the original request of \$779,064 for File 148-92-4.1.

Item 2 - File 101-92-81

Department: Police Department

Item: Supplemental Appropriation Ordinance for a capital improvement project.

Amount: \$1,604,362

Source of Funds: Interest earned on balances of 1987 Police Facilities Improvement Bond proceeds between the time that the bonds were sold and the time that the bond proceeds were expended.

Description: In November of 1987, San Francisco voters authorized a \$28 million General Obligation Bond issue to fund renovation and improvement of various Police Department facilities. The first bond sale, in the amount of \$11 million, occurred in 1988. Funds from this first bond sale supported (1) the acquisition of land for the Bayside Station, (2) the renovation of the Pistol Range, the Ingleside and Richmond Stations, and (3) preliminary studies on the Taraval and Mission Stations. In January of 1991, \$10.9 million was sold at a second bond sale. Funds from the second bond sale supported several renovation and new construction projects including the Bayview Station, Central Station, Mission Station, Taraval Station, Park and Richmond Stations, as well as the Golden Gate Stables and the Juvenile Division. The proposed supplemental appropriation would provide funds to continue the construction of the new Mission Station and Juvenile Division facility at 630 Valencia Street. The current and proposed budget for the Police Department's Mission Station and the Juvenile Division project is detailed below:

	Current Project <u>Budget</u>	Proposed <u>Supplemental</u>	Proposed Project <u>Budget</u>
<u>Mission Station</u>			
<u>Site Acquisition</u>	\$3,800,000	0	\$3,800,000
<u>Architecture and Design</u>			
Planning/Programming	\$45,000	\$55,000	\$100,000
Design	132,000	168,000	300,000
Consultants	<u>123,000</u>	<u>157,338</u>	<u>280,338</u>
Subtotal	\$300,000	\$380,338	\$680,338

	Current Project <u>Budget</u>	Proposed <u>Supplemental</u>	Proposed Project <u>Budget</u>
<u>Mission Station</u>			
<u>Construction</u>			
Contract	\$1,350,000	\$684,506	\$2,034,506*
Construction Fees	<u>31,814</u>	<u>30,131</u>	<u>61,945</u>
Subtotal	\$1,381,814	\$714,637	\$2,096,451
<u>Construction Administration</u>			
Architect	\$100,000	\$120,000	\$220,000
Inspector	<u>35,000</u>	<u>25,000</u>	<u>60,000</u>
Subtotal	\$135,000	\$145,000	\$280,000
<u>Contingency</u>	<u>\$200,000</u>	<u>\$242,839</u>	<u>\$442,839</u>
Total Mission Station	\$5,816,814	\$1,482,814	\$7,299,628
<u>Juvenile Division</u>			
<u>Architecture and Design</u>			
Planning and Programming	\$10,000	\$16,000	\$26,000
Design	40,000	50,000	90,000
Consultants	<u>15,000</u>	<u>10,000</u>	<u>25,000</u>
Subtotal	\$65,000	\$76,000	\$141,000
<u>Construction</u>			
Construction Contract (in- cluded in Mission budget)			
<u>Construction Administration</u>			
Architect	\$20,000	\$25,000	\$45,000
Inspector	<u>10,000</u>	<u>15,000</u>	<u>25,000</u>
Subtotal	\$30,000	\$40,000	\$70,000
<u>Contingency</u>	<u>\$5,000</u>	<u>\$5,550</u>	<u>\$10,550</u>
Total Juvenile Division	\$100,000	\$121,550	\$221,550
<u>Total Project Budget</u>	<u>\$5,916,814</u>	<u>\$1,604,364</u>	<u>\$7,521,178</u>

* The Police Department reports that the actual amount of the contract to construct the new Mission Station and Juvenile Division is \$4,034,506 or \$2,000,000 more than the \$2,034,506 contract amount noted above. The \$2,000,000 difference has already been appropriated but reserved. The release of that reserve is the subject of Item 1c - File 101-90-86.3 of this report. The \$2,000,000 brings the actual total amount of the project budget to \$9,521,178 (\$7,521,178 above plus \$2,000,000) under File 101-90-86.3).

Comment: The Police Department reports that Nibbi Lowe, a Joint Venture was awarded the construction contract. The joint venture consists of two firms: 1) Nibbi Brothers, which is not an MBE/WBE firm and 2) Ernie Lowe and Sons, which is a certified MBE firm. Ernie Lowe and Sons will perform approximately 51 percent of the work. The joint venture was selected through a competitive bid process as the contractor for the Mission Station and Juvenile Division project.

Recommendation: Approve the proposed ordinance.

Item 3 - File 101-92-82

Department: Chief Administrative Officer (CAO)

Item: Supplemental Appropriation Ordinance for continued development of the Mid-Embarcadero Open Space Project.

Amount: \$197,000

Source of Funds: Downtown Park Fund

Description: The CAO's Waterfront Transportation Projects Office currently manages six projects along the Embarcadero corridor. In conjunction with these projects the CAO recently assumed responsibility for the coordination of the Mid-Embarcadero Open Space Project. The Mid-Embarcadero Open Space Project is aimed at the creation of a new public open space (park) incorporating the existing Justin Herman, Embarcadero, and Ferry Plazas, adjacent to the Embarcadero roadway. The CAO advises that the intent of the centralized coordination of the Mid-Embarcadero Open Space Project is to keep the open space planning, design, and implementation in step with the planning and implementation of the Waterfront Transportation Projects to insure that a comprehensive approach is taken in developing a proposal for reuse of this segment of the City's waterfront.

The CAO advises, that prior to implementing the Mid-Embarcadero Open Space Project, a feasibility study is required to determine costs, land use issues, design issues and how the project would be financed. The proposed supplemental appropriation would be used to pay for this proposed feasibility study which would be performed under the direction of the CAO by staff of the CAO, the City Planning Department, the Recreation and Park Department, the Department of Public Works (DPW), Bureau of Engineering and the Arts Commission. The budget for the proposed feasibility study is detailed below:

<u>CAO</u>	<u>FTE</u>		
Project Manager I	0.12	\$10,000	
Chief Administrative Officer VI	0.18	15,000	
Chief Administrative Officer V	<u>0.22</u>	<u>17,000</u>	
Subtotal	0.52		\$42,000
 <u>City Planning Department</u>			
Planner V	0.60	\$53,200	
Planner IV	<u>0.35</u>	<u>40,000</u>	
Subtotal	0.95		93,200

BOARD OF SUPERVISORS
BUDGET ANALYST

Memo to Budget Committee
May 26, 1993

<u>Recreation and Park Department</u>	<u>FTE</u>		
Planner IV	0.24		\$23,500
<u>DPW</u>			
Asst. Landscape Architect	0.07	\$7,000	
Assoc. Civil Engineer	0.05	5,000	
Cost Estimator	<u>0.05</u>	<u>5,000</u>	
Subtotal	0.17		17,000
<u>Art Commission</u>			
Curator	0.07		7,000
<u>Other Professional Services</u>			
Graphics, reproduction, photography, advertising, legal, other			<u>14,300</u>
Total			\$197,000

Comment:

The Downtown Park Fund was established for the purpose of funding open space park areas in the Downtown area. Pursuant to Section 139 of the Planning Code, developers of office buildings in the Downtown area are required to pay a fee based on \$2.00 per square foot on the gross square footage of the office building. These fees are deposited to the Downtown Park Fund. The current balance in the Fund is \$929,634.

Recommendation: Approve the proposed ordinance.

Item 4 - File 101-92-84

Department: Department of Public Works (DPW)
Bureau of Engineering (BOE)

Item: Supplemental appropriation ordinance for various capital improvement projects to cover construction cost overages above ten percent of the contracted amount pursuant to provisions of Charter Section 7.203 and providing for ratification of action previously taken.

Amount: \$21,901

Source of Funds: Reappropriation of DPW Street Improvement Project Funding (Federal and State Funds)

Description: The Department of Public Works (DPW) reports that the proposed supplemental appropriation in the amount of \$21,901 would be used to pay for project modifications, which exceed ten percent of the original contract amount, for three projects at various locations of the I-280 Emergency Relief Work Project including (a) \$2,101 for the Third Street Traffic Signal Modification Project, (b) \$4,200 for the Potrero Signal Modification Project and (c) \$15,600 for the Army Street Signal Modification Project. Charter Section 7.203 requires authorization of the Board of Supervisors if the final construction cost of the work, whether performed by contractual services or by City personnel in conjunction with such services, is increased by more than ten percent of the original contract amount.

Five change orders were required to perform additional work not previously included in three contracts of the I-280 Emergency Relief Work Project, as follows:

Third Street Traffic Signal Modification Project

Additional underground conduits are required for the installation of advance loop detectors (devices implanted in the roadway to detect the presence of vehicles approaching a traffic signal) at the Third Street and Cargo Way traffic signal. \$7,000

Further, in order to provide for an additional traffic lane at Third Street and Evans Avenue, a median island must be removed resulting in an increase in the quantity of asphalt and concrete required to construct the additional traffic lane. \$12,000

Subtotal Third Street Traffic Signal Mod. Project \$19,000

Potrero Avenue Signal Modification Project

The traffic signal control devices could not be installed according to plans on Potrero Avenue because of the unanticipated presence of other utilities. Therefore, the traffic signal control devices must be relocated. \$11,000

Army Street Traffic Signal Modification Project

Loop detectors are required to be installed at a minimum depth of five inches instead of at a depth of two inches as originally planned in order to avoid damage to the loop detectors when the pavement is ground down in preparation for future repaving. \$16,000

Additionally, the traffic signal control devices could not be installed at the originally designated locations requiring the installation of longer loop detectors. 4,000

Subtotal Army Street Traffic Signal Mod. Project \$20,000

Total Cost of Five Change Orders \$50,000

The proposed supplemental appropriation ordinance would fund the five change orders for the three I-280 Emergency Relief Work Projects as follows:

Memo to Budget Committee
May 26, 1993

	<u>Third Street</u>	<u>Potrero Avenue</u>	<u>Army Street</u>	<u>Total</u>
Original Contract Amount	\$168,990	\$68,000	\$44,000	\$280,990
Additional Work - Change Orders	<u>19,000</u>	<u>11,000</u>	<u>20,000</u>	<u>50,000</u>
Revised Contract Amount	\$187,990	\$79,000	\$64,000	\$330,990
Appropriation for Contract Svcs.	\$168,990	\$68,000	\$44,000	\$280,990
Appropriation for Contingencies	<u>16,899</u>	<u>6,800</u>	<u>4,400</u>	<u>28,099</u>
Total Prior Appropriated Funding	<u>\$185,889</u>	<u>\$74,800</u>	<u>\$48,400</u>	<u>\$309,089</u>
Excess of Revised Contract over Previously Appropriated Funding:				
Proposed Supplement Appropriation	\$2,101	\$4,200	\$15,600	\$21,901

Mr. Joe Ovadia of the DPW reports that delaying the additional work covered by the five change orders would have resulted in delays in the project as a whole.

Comments:

1. As identified above, the revised contract amounts include project modifications which resulted in a total increase of \$50,000 or approximately 18 percent in excess of the original total contract amount of \$280,990. The total requested amount of \$21,901 represents the difference between the original amount appropriated of \$309,089 (including a 10 percent contingency) and the revised total construction contract cost of \$330,990.

2. The I-280 Emergency Relief Work Project was completed in March, 1993. Mr. Ovadia reports that the DPW is requesting the proposed supplemental appropriation at this time in order to obtain full funding for the construction work that has already been performed for the additional and necessary change order work. Therefore, the proposed ordinance provides for ratification of action previously taken.

Recommendation: Approve the proposed supplemental appropriation ordinance.

Item 5 - File 101-92-85

Department: Commission on the Status of Women

Item: Supplemental Appropriation Ordinance to fund the development of a Code of Conduct regarding Sexual Harassment.

Amount: \$25,000. The title of the proposed ordinance requesting \$17,500 is in error. The body of the proposed ordinance requests \$25,000 which is the amount of this supplemental appropriation request.

Source of Funds: General Fund - General Reserve

Description: The Commission on the Status of Women is proposing to acquire consultant services for the development of a Code of Conduct regarding Sexual Harassment to be used as a guideline for the handling of Sexual Harassment within City government. According to the Commission, a Code of Conduct would include a statute of limitations for filing and remedying complaints, uniform guidelines for disciplining offenses and effective administrative processes aimed at protecting individual complainant's rights, privacy and integrity.

Ms. Sharon Johnson of the Commission on the Status of Women advises that while various individual City departments have guidelines for conduct and disciplinary action in connection with Sexual Harassment, there is currently no uniform City-wide Code of Conduct.

Ms. Johnson reports the proposed supplemental amount of \$25,000 is based on 200 hours at an hourly rate of \$125. The specific tasks to be performed by the proposed consultant in connection with the development of a Code of Conduct are as follows:

1. Survey other comparable government agencies and private businesses for models on effectively handling Sexual Harassment in the workplace.
2. Analysis of the current effectiveness of the City's handling of Sexual Harassment cases and issues, and,
3. Provide recommendations on how to improve and effectively implement the City's process for handling sexual harassment (i.e., to include preventive measures, complaint investigation, statute of limitations,

effectiveness of divergent department processes, and disciplinary process and monitoring.

Comment:

Ms. Johnson advises that the Commission has not, as yet, selected a consultant. Therefore, the \$25,000 supplemental appropriation amount should be placed on reserve pending the Commission's selection of a consultant and submission of hours, hourly rates and the MBE/WBE status of the consultant.

- Recommendation:**
1. Amend the proposed ordinance to place the \$25,000 on reserve pending the Commission's selection of a consultant and submission of hours, hourly rates and the MBE/WBE status of the consultant.
 2. Amend the title of the proposed ordinance to state that the amount of this supplemental appropriation request is \$25,000 and not \$17,500.
 3. Approve the proposed ordinance as amended.

Item 6 - File 101-92-86

Department: Adult Probation Department

Item: Supplemental Appropriation Ordinance for professional services and providing for ratification of action previously taken.

Amount: \$64,744

Source of Funds: General Fund - General Reserve

Description: The proposed supplemental appropriation would be used to pay for contract services with California Community Dispute Services (CCDS), a non-profit agency. CCDS provides dispute resolution services primarily for misdemeanor cases that are referred to CCDS by the District Attorney, Public Defender, Police Department and Small Claims Court in lieu of processing these cases through the Courts system.

Ms. Arlene Sauser, Chief Adult Probation Officer, reports that the original contract amount with CCDS for Fiscal Year 1992-93 totaled \$18,000. Under the terms of the contract, CCDS is being compensated for processing 100 client cases per month. According to Ms. Sauser, CCDS's current caseload consists of 770 clients per month, and they are receiving new referrals from the District Attorney, Public Defender, Police Department, and Small Claims Court at the rate of 92 to 100 cases per month.

Ms. Sauser advises that the \$18,000 contract amount represents a decrease of \$87,000 from the \$105,000 contract amount in FY 1985-86, which represented the highest amount of City support thus far provided to CCDS. According to Ms. Sauser, since FY 1985-86, CCDS has been expected to raise approximately \$100,000 annually from foundations and corporations. However, according to Ms. Sauser, these sources, in some instances, are no longer willing to provide general operational support for what they view as a public sector responsibility and, as such, fund raising has dropped to approximately \$35,000 annually.

Ms. Sauser reports that CCDS previously advised her that it would not be able to continue to operate at its current level and that by April 15, 1993 it would be forced to furlough and/or lay off its six employees if it did not receive additional funding from the City.

Comment:

1 As noted above, Ms Sauser reports that the CCDS would be forced to furlough and/or of lay off its six employees if it does not receive additional funding from the City. The Budget Analyst notes that the City is also expected to lay off employees in order to resolve its projected budgetary shortfall for the Fiscal Year 1993-94 budget.

2.The Adult Probation Department has requested that this item be continued to the Budget Committee meeting on June 2, 1993 in order to allow the Department time to provide additional justification for the proposed supplemental appropriation.

Recommendation: Continue the proposed ordinance to the Budget Committee meeting on June 2, 1993 as requested by the Department.

Item 7 - File 101-92-87

Departments: Superior and Municipal Courts
Chief Administrative Officer (CAO)

Item: Supplemental appropriation ordinance for Other Contractual Services and Services of Other Departments - Chief Administrative Officer for the development of a new courthouse on the corner of Polk and McAllister Streets

Amount: \$4,450,000

Source of Funds: Courthouse Construction Fund (Surcharges on civil and probate filing fees, parking fines and criminal fines are deposited into the Courthouse Construction Fund. The Fund had a balance of approximately \$10.4 million as of April 30, 1993.)

Description: Currently there are 20 Superior Court courtrooms that handle civil cases and eight Municipal Court courtrooms that handle civil cases and a jury assembly room in City Hall. There are also eight Superior Court courtrooms that handle criminal cases and 14 Municipal Court courtrooms that handle criminal and traffic cases located in the Hall of Justice. The administrative offices for the Superior and Municipal Courts are in City Hall. The Superior Court also has three temporary courtrooms at 575 Polk Street.

The CAO's Office has devised a plan for making earthquake repairs and seismic improvements to City Hall. In order to make the earthquake repairs and seismic improvements to City Hall, all occupants of City Hall, including the courthouses of the Superior and Municipal Courts, jury assembly room and administrative offices, must be temporarily moved out of City Hall. The CAO plans to permanently move the courts' facilities currently located in City Hall into a new courthouse to be constructed at the corner of Polk and McAllister Streets. The new courthouse is estimated to be completed in 1996 or 1997.

The total estimated cost of the new courthouse is approximately \$65 million including debt service on Certificates of Participation. This cost will be totally funded from the Courthouse Construction Fund. No General Fund monies will be required.

The Board of Supervisors previously approved a \$335,134 supplemental appropriation (File 101-92-12) for start-up costs to design the new courthouse. The Superior and Municipal

Courts and the CAO are requesting the proposed supplemental appropriation for additional start-up costs as follows:

Contractual Services

Environmental Impact Report \$200,000

The Department of City Planning provided the estimate in the amount of \$200,000 based on the cost of contracting for the Environmental Impact Report for the new Main Library.

Architectural Services 3,380,000

According to the space planning design services firm previously selected for the courthouse project, architectural services are estimated at the generally accepted standard of eight and one-half percent of the estimated \$38 million construction cost for the new courthouse plus \$150,000 for soils engineering work and asbestos removal at the buildings currently occupying the site before they can be demolished.

Construction Management 570,000

According to the space planning design services firm previously selected for the courthouse project, construction management services are estimated at the generally accepted standard of one and one-half percent of the estimated \$38 million construction cost for the new courthouse. Construction management will be responsible for providing accurate construction cost estimates based on the architectural plans and will apprise the Superior and Municipal Courts of the constructability of the architect's design.

Total Other Contractual Services \$4,150,000

Services of Other Departments - CAO

Project Manager 300,000

The CAO's Office will provide project management services. The salaries and fringe benefit costs for these services, including a full time project manager and staff support for the 16 month design phase period, is as follows:

Project Manager (1.0 FTE)	\$185,940
Architectural Assistant (0.25 FTE)	58,532
Fund Accountant (0.40 FTE)	<u>55,528</u>
Total	\$300,000

Total Proposed Supplemental Appropriation \$4,450,000

Comments:

1. The previously approved supplemental appropriation in the amount of \$335,134 provided for start-up costs to design the new courthouse as follows:

Contractual Services

Project Management (reserved)	\$14,667
Space Planning Design Services	<u>150,000</u>
Total Contractual Services	\$164,667

Services of Other Departments

Real Estate Department	\$40,000
Department of City Planning	42,000
Department of Public Health	<u>58,000</u>

Subtotal Services of Other Departments \$140,000

Contingencies 30,467

Total \$335,134

2. Based on the space planning design services firm's estimate that construction management services are eight and one-half percent of the estimated \$38 million construction cost, the proposed supplemental appropriation requests \$570,000 for construction management. However, as noted above, the Board of Supervisors previously approved and reserved \$14,667 for construction management. Therefore, the proposed request for \$570,000 should be reduced by the \$14,667 already on reserve for construction management to \$555,333.

3. The CAO and the Superior and Municipal Courts report that contractors have not yet been selected. Therefore, the total proposed funding for Contractual Services in the amended amount of \$4,135,333 (requested funding totaling \$4,150,000 less \$14,667 already appropriated and reserved) should be reserved pending selection of contractors and determination of their MBE/WBE status and detailed contract costs.

Recommendations: 1. Amend the proposed supplemental appropriation ordinance to reduce funding for Contractual Services for construction management by \$14,667 from \$4,150,000 to \$4,135,333 and the total supplemental appropriation amount from \$4,450,000 to \$4,435,333. (Comment No. 2, above)

2. Also amend the proposed supplemental appropriation ordinance to reserve the amended total of \$4,135,333 (requested funding totaling \$4,150,000 less \$14,667 already appropriated and reserved) for Contractual Services pending selection of contractors and determination of their MBE/WBE status and detailed contract costs. (Comment No. 3, above)

3. Approve the proposed supplemental appropriation ordinance as amended.

Items 8 and 9 - Files 101-92-79 and 102-92-17

Department: Public Utilities Commission (PUC),
Water Department

Items: Item 8 - File 101-92-7 Supplemental Appropriation Ordinance appropriating \$576,854, including \$14,354 for Permanent Salaries and Mandatory Fringe Benefits and \$562,500 for Services of Other Departments - Light, Heat and Power, and rescinding \$576,854 from permanent salaries and related mandatory fringe benefits for the creation of three positions and deletion of three positions.

Item 9 - File 102-92-17 Ordinance amending the Annual Salary Ordinance, 1992-93, Water Department, to reflect the addition of three positions and the deletion of three positions in the Water Department.

Amount: \$576,854

Source of Funds: Water Operating Fund - Surplus in salaries and fringe benefits accounts.

Description: Ms. Cheryl Davis of the Water Department reports that water purification and treatment costs for 1992-93 have increased by 21 percent over the amount originally projected for Fiscal Year 1992-93 due to (1) the on-line operations of the ozone treatment facility at the San Andreas Treatment Plant, which was completed in January of 1993, and (2) the recent installation of electric pumps at the San Antonio Pump Station in Sunol to increase the treatment capacity. According to Ms. Davis, as a result of these increased costs, the Water Department is now projecting a budget shortfall in its Light, Heat and Power account as follows:

Actual expenditures (July 1, 1992 to February 28, 1993)	\$2,175,711
Projected Expenditures (March 1, 1993 to June 30, 1993)	<u>1,047,728</u>
Total Projected Expenditures	\$3,223,439
1992-93 Budgeted Amount	<u>2,660,939</u>
Projected Budgetary Shortfall	\$562,500

Ms. Davis also advises that the ozone treatment facility at the San Andreas Treatment Plant, which has a total of 13 full time Stationary Engineer positions assigned to it, is currently operating on a part-time basis (generally five days a week).

According to Ms. Davis, three additional Stationary Engineer positions are needed in order to allow the treatment facility to operate at full capacity, and to allow the Water Department to reassign staff to the Sunol Valley Treatment Plant and field operations. Ms. Davis states that it is important for the treatment facility to operate at full capacity because the City cannot comply with the State Disinfection By-products Rule without continuous operation. Ms. Davis advises that San Francisco has come close to violating limits on the amount of chlorine disinfection by-products contained in the City's water. These by-products are considered potentially carcinogenic, and the use of ozone disinfection allows the City to reduce the level of chlorine dosages. Additionally, Ms. Davis reports that the State Department of Health Services has advised the Water Department that its treatment plants are inadequately staffed, resulting in insufficient supervision of treatment processes and on-site activities that can affect treatment processes. According to Ms. Davis, currently, there are times (at both Sunol Valley Treatment Plant and the San Andreas Treatment Plant) that a single individual is assigned responsibility for the treatment of all water going through the plant. Ms. Davis adds that new State regulations containing more stringent requirements for water treatment will go into effect June 29, 1993, which will add to the need for the Water Department to increase its front-line treatment plant staffing as quickly as possible. Therefore, the Water Department is proposing to delete two existing Utility Plumber Apprentice positions and to delete one existing Automotive Service Worker position in order to add the three Stationary Engineer positions, without resulting in any increased costs to the City.

The proposed ordinance (File 102-92-17) would amend the Annual Salary Ordinance as follows:

<u>Action</u>	<u>No</u>	<u>Classification</u>	<u>Biweekly Salary Range</u>	<u>Maximum Salary at Top Step</u>
Delete	2	7463 Utility Plumber Apprentice	\$1,160/2,203	(\$114,997)
Delete	1	7410 Automotive Service Worker	1,088/1,316	(34,348)
Add	3	7334 Stationary Engineer	1,436/1,740	<u>136,242</u>

Proposed Net Annual Decrease in Salaries (\$13,103)

The proposed supplemental appropriation includes \$14,354 for the three Stationary Engineers based on filling the three positions by June 1, 1993 (\$1,740 x 2.2 biweekly pay period x three positions = \$11,484 plus \$2,870 in fringe benefits).

BOARD OF SUPERVISORS
BUDGET ANALYST

Comments:

1. As shown above, at the top step, the addition of 3 Stationary Engineer positions and the deletion of (a) 2 Utility Plumber Apprentice positions and (b) one Automotive Service Worker will result in reduced annual salary costs at the top step of \$13,103. The three positions to be deleted are vacant. Ms. Davis advises that although the three positions that are proposed to be deleted are still needed by the Water Department, the Water Department has proposed to delete these three positions because the Mayor's Office insisted that approval of the three new Stationary Engineer positions was contingent upon the Water Department deleting three other positions. The Water Department decided that the Stationary Engineer positions have a higher priority than the three positions being deleted. Ms. Davis states, that presently, without the three requested Stationary Engineer positions, there is an unacceptable level of risk with respect to potentially carcinogenic by-products of chlorine disinfection, and with respect to the water quality standards in general.

2. Ms. Davis advises that if the proposed ordinances are approved, the Water Department will immediately begin recruitment of the three Stationary Engineers. However, Ms. Davis states that no Civil Service list currently exists for Stationary Engineers with the qualifications needed for the water treatment duties. Therefore, the Department indicates it is unlikely that these positions can be filled prior to June 30, 1993, since the personnel system will not begin recruitment for persons with the qualifications needed until the Board of Supervisors authorizes the creation of these positions. However, Ms. Davis advises that the Water Department "urgently requests" approval of these positions at this time.

3. Since the proposed three new Stationary Engineer positions would cost less than the three positions being deleted (therefore resulting in no net new positions), and since the Water Department states that the three requested Stationary Engineer positions are "urgently" needed and that these positions would assist in bringing the Water Department into compliance with State requirements, the Budget Analyst recommends creation of the three new Stationary Engineer positions.

4. However, since according to the Water Department, it is unlikely that the three new Stationary Engineer positions can be filled prior to June 30, 1993, the proposed ordinance (File 101-92-79) should be amended to delete the \$14,354

requested for these three positions (\$11,484 in permanent salaries plus \$2,870 in fringe benefits).

5. In order to establish the proposed three new Stationary Engineer positions in Fiscal Year 1993-94, the Water Department should request that the Mayor approve these positions, including the needed funding, in the Fiscal Year 1993-94 budget.

- Recommendations:**
1. Amend the proposed ordinance (File 101-92-79) to reduce the total amount requested of \$576,854 by \$14,354 (\$11,484 in permanent salaries plus \$2,870 in fringe benefits) as discussed in Comment 4, above, to \$562,500 and approve the proposed ordinance as amended.
 2. Approve the proposed amendment to the Annual Salary Ordinance (File 102-92-17) adding three new Stationary Engineer positions and deleting two Utility Plumber Apprentice positions and deleting 1 Automotive Service Worker position. As previously noted, this action would result in a salary savings at the top step of \$13,103 annually.

Item 10 - File 127-93-5

Item: Ordinance amending the San Francisco Municipal Code pertaining to the Utility Users' Tax to delete sunset provisions adopted in July, 1992 to increase the tax rate to six and one-half percent and to extend the telephone users tax to interstate and international telephone communication services for the period from August, 1992 to June, 1993.

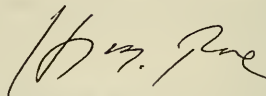
Description: In June, 1992, the Mayor's proposed budget was supported, in part, by \$11.0 million in new revenue from increased Utility Users' taxes and extension of the tax on telephone users to interstate and international telephone calls. The Utility Users' tax rate was increased by 1.5 percent from 5.0 percent to 6.5 percent for Gas, Electricity, Water and Steam users. For Telephone users, the tax rate was increased by 1.0 percent from 5.5 percent to 6.5 percent. The tax increase and extension on telephone users was imposed for an eleven month period, beginning August, 1992. The Board of Supervisors approved the tax increase and extension. Under the current wording of the Municipal Code, the tax increase and extension on telephone users for interstate and international telephone calls will 'sunset' on June 30, 1993.

The proposed ordinance would amend the Municipal Code to delete any reference to a sunset date for the tax increase and for the extension to interstate and international telephone calls.

The Controller's current Fiscal Year 1993-94 Utility Users' Tax revenue estimate, taking into account the June 30, 1993 sunset clause, is \$27,862,000. Should the tax increase and extension continue for a full twelve months of Fiscal Year 1993-94, the Controller's revenue estimate will increase by \$12.0 million to a total of \$39,862,000. The Budget Analyst concurs with this revenue estimate.

Memo to Budget Committee
May 26, 1993

Recommendation: Approval of the proposed ordinance is a policy matter for the Board of Supervisors.



Harvey M. Rose

cc: Supervisor Migden
Supervisor Hsieh
President Alioto
Supervisor Achtenberg
Supervisor Bierman
Supervisor Conroy
Supervisor Hallinan
Supervisor Kaufman
Supervisor Kennedy
Supervisor Maher
Supervisor Shelley
Clerk of the Board
Chief Administrative Officer
Controller
Teresa Serata
Barbara Kolesar
Ted Lakey

Services of Other Departments - CAO

Project Manager 300,000

The CAO's Office will provide project management services. The salaries and fringe benefit costs for these services, including a full time project manager and staff support for the 16 month design phase period, is as follows:

Project Manager (1.0 FTE)	\$185,940
Architectural Assistant (0.25 FTE)	58,532
Fund Accountant (0.40 FTE)	<u>55,528</u>

Total	\$300,000
-------	-----------

Total Proposed Supplemental Appropriation \$4,450,000

Comments:

1. The previously approved supplemental appropriation in the amount of \$335,134 provided for start-up costs to design the new courthouse as follows:

Contractual Services

Construction Management (reserved)	\$14,667
Space Planning Design Services	<u>150,000</u>

Total Contractual Services	\$164,667
----------------------------	-----------

Services of Other Departments

Real Estate Department	\$40,000
Department of City Planning	42,000
Department of Public Health	<u>58,000</u>

Subtotal Services of Other Departments	\$140,000
--	-----------

Contingencies 30,467

Total \$335,134

2. Based on the space planning design services firm's estimate that construction management services are one and one-half percent of the estimated \$38 million construction cost, the proposed supplemental appropriation requests \$570,000 for construction management. However, as noted above, the Board of Supervisors previously approved and reserved \$14,667 for construction management. Therefore, the proposed request for \$570,000 should be reduced by the \$14,667 already on reserve for construction management to \$555,333.

3. The CAO and the Superior and Municipal Courts report that contractors have not yet been selected. Therefore, the total proposed funding for Contractual Services in the amended amount of \$4,135,333 (requested funding totaling \$4,150,000 less \$14,667 already appropriated and reserved) should be reserved pending selection of contractors and determination of their MBE/WBE status and detailed contract costs.

Recommendations: 1. Amend the proposed supplemental appropriation ordinance to reduce funding for Contractual Services for construction management by \$14,667 from \$4,150,000 to \$4,135,333 and the total supplemental appropriation amount from \$4,450,000 to \$4,435,333. (Comment No. 2, above)

2. Also amend the proposed supplemental appropriation ordinance to reserve the amended total of \$4,135,333 (requested funding totaling \$4,150,000 less \$14,667 already appropriated and reserved) for Contractual Services pending selection of contractors and determination of their MBE/WBE status and detailed contract costs. (Comment No. 3, above)

3. Approve the proposed supplemental appropriation ordinance as amended.

INNER-OFFICE MEMORANDUM

CLERK'S OFFICE—BOARD OF SUPERVISORS

DOCUMENTS DEPT.

JUN 1 1993

MAY 28, 1993

SAN FRANCISCO
PUBLIC LIBRARY

TO: SUPERVISOR CAROLE MIGDEN, CHAIR
FROM: KAY GULBENGAY, BUDGET COMMITTEE CLERK
SUBJECT: PENDING LIST - BUDGET COMMITTEE

Note: Pursuant to Rule 3.24, items denoted with an asterisk have been inactive in Committee for five consecutive months; unless item is heard during the following month, it is deemed to be inactive and shall be filed by the Clerk who shall make an appropriate notation on the Legislative History record of such filing.

Please indicate to the Committee Clerk by 5:00 p.m. on TUESDAY 6/1/93 for items to be calendared for the WEDNESDAY, 6/9/93 Budget Committee meeting.

ORDINANCES:

1. File 97-92-63. [Cable Television Access Development and Programming Fund] Ordinance amending Administrative Code by amending Section 10.117-68, which establishes and governs the maintenance of the Cable Television Access Development and Programming Fund, by providing for the balance of all funds remaining in the fund at the close of each Fiscal Year to be carried forward and accumulated in said fund. (Clerk of the Board)

STATUS: [1/4/93] - REREFERRED TO FINANCE COMMITTEE; AWAITING COMMITTEE ACTION.

2. File 101-92-86. [Government Funding] Appropriating \$64,744, Adult Probation, for professional services; providing for ratification of action previously taken. RO #92256 (Controller)

STATUS: [5/10/93] - REFERRED TO COMMITTEE; AWAITING COMMITTEE ACTION.

(5/26/93 - Hearing held. Continued to June 2, 1993 meeting.

3. File 101-92-87. [Government Funding] Ordinance appropriating \$4,450,000, Superior Court, for other contractual services and services of other departments-Chief Administrative Officer). RO #92262 (Supervisor Alioto)

STATUS:[5/10/93] - REFERRED TO COMMITTEE; AWAITING
COMMITTEE ACTION.

(5/26/93 - Hearing held. Continued to June 2, 1993 meeting.
(Supervisor Alioto added as co-sponsor.)

4. File 102-92-16. [Public Employment] Ordinance amending Annual Salary Ordinance, 1992-93, Municipal and Superior Courts, to provide a salary increase for court reporters effective September 1, 1992. (Civil Service Commission)

STATUS:[3/29/93] - REFERRED TO COMMITTEE; AWAITING
COMMITTEE ACTION.

5. File 9-93-1. [Street Roadway Acceptance] Draft ordinance accepting for maintenance various alleyways in Chinatown, including intersections and curbs. (Supervisor Bierman)

STATUS:[2/8/93] - INTRODUCED IN BOARD; AWAITING COMMITTEE
ACTION.

6. File 97-93-14. [Revolving Fund Department of Social Services] Amending Administrative Code by amending Section 10-157, to increase the amount held in the Department of Social Services Revolving Fund from \$20,000 to \$40,000. (Department of Social Services)

STATUS:[3/22/93] - REFERRED TO COMMITTEE; AWAITING
COMMITTEE ACTION.

(4/7/93 - Hearing held. Continued to the call of the chair.)

7. File 97-93-15. [Department of Social Services Membership] Ordinance amending Administrative Code by amending Section 16.6-11 to provide for Department of Social Services Membership in the Child Welfare League of America. (Department of Social Services)

STATUS:[3/22/93] - REFERRED TO COMMITTEE; AWAITING
COMMITTEE ACTION.

(4/7/93 - Hearing held. Continued to the call of the chair.)

8. File 97-93-27. [Graffiti Reward Fund] Ordinance amending Administrative Code by adding Sections 10.179-1 and 10.179-2 establishing a financial reward for information leading to the arrest and conviction of any person who unlawfully applies graffiti to public or private property. (Supervisor Conroy)

STATUS: [5/10/93] - INTRODUCED IN BOARD; AWAITING COMMITTEE ACTION.

9. File 118-93-3. [Fees/Permits] Ordinance amending Health Code by amending Sections 258, 291.7 and 451 and adding Section 294 thereto to impose a permit requirement and fee for operation of a solid waste transfer station, to incorporate by reference Section 40200 of the California Public Resources Code, to change the fees for refuse collection liens and tattoo parlors, to change the definition of special events, and to adopt a definition of school food concessions for purposes of issuing permits. (Department of Public Health)

STATUS: [5/17/93] - REFERRED TO COMMITTEE; AWAITING COMMITTEE ACTION.

5/18/93 - Public Hearing Notice posted.
(Calendar 6/2/93 meeting.)

10. File 127-93-4. [Filing and License Fees Department of Public Health] Ordinance amending Part III Municipal Code (Revenue and Finance) by amending Sections 35, 120, 122, 221, 248, 249.1, 249.3, 249.5, 249.6, 249.7, 249.9, 249.11, 249.12, 249.13 and 249.14 and adding Sections 249.2 and 249.15 to change the filing and license fees for various Department of Public Health services, to require license for operation of a solid waste transfer station, to incorporate by reference Sections 40191, 40194, 40195 and 40200 of the California Public Resources Code, to define those school food concession operations that require a license fee, and to make technical corrections. (Department of Public Health)

STATUS: [5/17/93] - REFERRED TO COMMITTEE; AWAITING COMMITTEE ACTION.

5/18/93 - Public Hearing Notice posted.
(Calendar 6/2/93 meeting.)

11. File 127-93-5. [Utility User Tax Amendments] Ordinance amending Article 10 of the San Francisco Municipal Code by amending Section 707.2 to increase the tax rate to 7%, effective July 1, 1993, and amending Section 707.3 to delete the sunset provision of this section, which extended the telephone users tax to interstate and international telephone communication services for the period from August, 1992 to June 1993. (Supervisor Migden)

STATUS: [5/17/93] - INTRODUCED IN COMMITTEE; AWAITING COMMITTEE ACTION.

(5/26/93 - Hearing held. Continued to June 2, 1993 meeting as amended.
(Supervisor Hsieh dissented.)

RESOLUTIONS:

12. File 170-93-6. [General Obligation Bonds] Resolution determining and declaring the public interest and necessity demand the acquisition, construction or reconstruction by the City and County of San Francisco of the following municipal improvements, to wit: acquisition, construction or reconstruction of certain improvements to streets, sidewalks, street lighting and utilities, including street and sidewalk improvements, traffic safety improvements, street lighting improvements, and improvements for the undergrounding of certain utilities, that the estimated cost of \$73,000,000 for said municipal improvements is and will be too great to be paid out of the ordinary annual income and revenue of said City and County and will require the incurring of a bonded indebtedness. (Supervisor Hsieh)

STATUS: [5/17/93] - INTRODUCED IN BOARD; AWAITING COMMITTEE ACTION.
(Calendar 6/2/93 meeting.)

13. File 170-93-7. [General Obligation Bonds] Resolution determining the public interest and necessity demand the acquisition, construction or reconstruction by the City and County of San Francisco of the following municipal improvements, to wit: acquisition, construction or reconstruction of cultural facilities, including the construction and reconstruction of certain improvements to the main library for the purpose of relocating the Asian Art Museum to such location, the acquisition, construction, and reconstruction of certain improvements to the Steinhart Aquarium, the construction and reconstruction of certain improvements to five community cultural facilities (Mission Cultural Center, Bayview Opera House, Center for African and African American Art and Culture - Western Addition, South of Market Cultural Center and the Art Commission Gallery), and the construction and reconstruction of certain improvements to the Exploratorium, that the estimated cost of \$94,045,000 for said municipal improvements is and will be too great to be paid out of the ordinary annual income and revenue of said City and County and will require the incurring of a bonded indebtedness. (Supervisor Shelley)

STATUS: [5/17/93] - INTRODUCED IN BOARD; AWAITING COMMITTEE ACTION.
(Calendar 6/2/93 meeting.)

14. File 184-93-1. [Chinatown Alleyways Improvement] Resolution approving financing capital improvement to various alleyways in Chinatown from the reserve for mitigation of environmental impact to Chinatown - Gas Tax Funds. (Supervisor Bierman)

STATUS: [2/8/93] - INTRODUCED IN BOARD; AWAITING COMMITTEE ACTION.

15. File 101-92-44 [Government Funding] Resolution urging the Mayor to support the supplemental appropriation requested by the Municipal Railway for the Clean Fleet program. (Supervisor Conroy)

STATUS: [3/1/93] - INTRODUCED IN BOARD; AWAITING COMMITTEE ACTION.

16. File 30-93-7. [Department of Public Health Financial Restructure] Resolution endorsing Department of Public Health financial restructuring. (Supervisors Alioto, Kaufman)

STATUS: [4/12/93] - INTRODUCED IN BOARD; AWAITING COMMITTEE ACTION.

17. File 30-93-10. [Patient Day Rates] Resolution fixing patient day rates for services furnished by City and County Health Care Institutions and rescinding Resolution No. 764-92. (Department of Public Health)

STATUS: [5/17/93] - REFERRED TO COMMITTEE; AWAITING COMMITTEE ACTION.
(Calendar 6/9/93 meeting.)

18. File 84-93-1. [Acquisition of Real Property] Resolution authorizing the City and County of San Francisco to acquire, on behalf of the Clean Water Program of the Department of Public Works, two temporary construction easements through a portion of the real property identified as Assessor's Parcel Nos. 5585/1/3/4; and to adopt findings pursuant to City Planning Code Section 101.1. (Real Estate Department)

STATUS: [5/17/93] - REFERRED TO COMMITTEE; AWAITING COMMITTEE ACTION.
(Calendar 6/2/93 meeting.)

19. File 218-93-2. [Graffiti] Resolution urging the Mayor to submit to the Board a consolidated graffiti eradication effort under one department (excluding MUNI) in the 1993-94 Budget. (Supervisor Conroy)

STATUS: [4/26/93] - INTRODUCED IN BOARD; AWAITING COMMITTEE ACTION.
(5/19/93 - Continued to the call of the chair at request of sponsor.)

20. File 218-93-3. [Graffiti] Resolution urging the Mayor to submit a re-appropriation ordinance which would consolidate city departments' graffiti efforts (excluding MUNI) under one department. (Supervisor Conroy)

STATUS: [4/26/93] - INTRODUCED IN BOARD; AWAITING COMMITTEE ACTION.
(5/19/93 - Continued to the call of the chair at request of sponsor.)

21. File 285-93-1. [Transit Maintenance District] Resolution urging the Mayor to urge the Public Utilities Commission to update studies necessary to support the formation of a core area Transit Maintenance District. (Supervisor Bierman)

STATUS: [5/24/93] - INTRODUCED IN BOARD; AWAITING COMMITTEE ACTION.
(Calendar 6/2/93 meeting.)

HEARINGS:

22. File 100-92-8. Hearing to consider what City property might be sold or leased to help address the fiscal emergency. (Supervisor Migden)
- STATUS:[9/28/92] - INTRODUCED IN BOARD; AWAITING COMMITTEE ACTION.
(10/1/92 - Hearing held. Continued to the Call of the Chair.)
- *23. File 220-92-2. Hearing to consider the closure and cutbacks of City libraries. (Supervisor Alioto)
- STATUS:[11/9/92] - INTRODUCED IN BOARD; AWAITING COMMITTEE ACTION.
24. File 253-92-2. Hearing to consider the action plans of the Workers Compensation Task Force. (Supervisors Hsieh, Conroy, Shelley, Kennedy)
- STATUS:[11/23/92]- INTRODUCED IN BOARD; AWAITING COMMITTEE ACTION.
3/24/93 - Transferred from Government Efficiency & Labor Committee.
(Calendar 6/16/93 meeting.)
25. File 273-92-1. Hearing to consider the extent and the amount of the City's use of personal services contracts. (Supervisors Hsieh, Hallinan, Migden, Alioto, Conroy)
- STATUS:[12/7/92] - INTRODUCED IN BOARD; AWAITING COMMITTEE ACTION.
3/11/93 transferred to Joint Budget/Government Efficiency and Labor Committee
(3/24/93 - Hearing held. - Continued to call of the chair.)
26. File 27-93-5. Hearing to consider enacting an airport departure surcharge. (Supervisor Alioto)
- STATUS:[4/12/93] - INTRODUCED IN BOARD; AWAITING COMMITTEE ACTION.
4/16/93 - Referred to Director, Airport Commission for review and comment.
27. File 121-93-4. Hearing to consider fees that generate revenue less than \$25,000 including outdoor seating fees and entertainment fees for poetry reading in coffee houses. (Supervisor Maher)
- STATUS:[4/5/93] - INTRODUCED IN BOARD; AWAITING COMMITTEE ACTION.

28. File 165-93-5. [Management Audit] Motion directing the Budget Analyst to conduct a management audit of the Municipal Railway. (Supervisors Conroy, Alioto.)

STATUS:[4/19/93] - INTRODUCED IN BOARD; AWAITING COMMITTEE ACTION.

(5/5/93 - Continued to call of the chair at the request of sponsor.)

29. File 165-93-5.1 [Supplemental Appropriation] Resolution urging the Mayor to urge the Public Utilities Commission to introduce a supplemental appropriation for the purposes of conducting an independent management audit of the Municipal Railway. (Supervisor Conroy)

STATUS:[4/19/93] - INTRODUCED IN BOARD TO BOARD WITHOUT COMMITTEE REFERENCE CALENDAR; REFERRED TO BUDGET COMMITTEE

(5/5/93 - Continued to call of the chair at the request of the sponsor.)

30. File 205-93-1. Hearing to consider the management and oversight of funds generated from the War Memorial Center for veterans programs and how to maximize local programs for veterans. (Supervisor Alioto)

STATUS:[2/8/93] - INTRODUCED IN BOARD; AWAITING COMMITTEE ACTION.

31. File 207-93-3. Hearing to consider enacting a phone surcharge to fund the capital improvements necessary to upgrade the 911 system. (Supervisor Maher)

STATUS:[1/11/93] - INTRODUCED IN BOARD; AWAITING COMMITTEE ACTION.

32. File 219-93-1. Hearing to consider how City departments can reduce waste, through use of waste task forces, increased audits and line-item reviews. (Supervisors Alioto, Migden)

STATUS:[3/8/93] - INTRODUCED IN BOARD; AWAITING COMMITTEE ACTION.

33. File 284-93-1. Hearing to consider establishing a bonding fund for women and minority contractors pursuant to Chapter 12D of the Administrative Code. (Supervisor Maher)

STATUS:[2/16/93] - INTRODUCED IN BOARD; AWAITING COMMITTEE ACTION.

34. File 127-93-6. Hearing to consider amending Part III, Article 7 of the San Francisco Municipal Code by adding Section 502.7 thereto to provide a credit for Transient Occupancy Taxes paid to the San Francisco Redevelopment Agency, providing that the credit only apply in connection with the construction and operation of certain children's facilities in Yerba Buena Center, and a Mexican Museum as well as capital improvements to the Moscone Convention Center, providing for Chief Administrative Officer approval of financing plans, authorizing Tax Collector to act as collection agent; amending Section 515 to provide for application of credits. (Supervisor Bierman)

STATUS:[5/24/93] – INTRODUCED IN BOARD; AWAITING COMMITTEE ACTION.

35. File 286-93-1. Hearing to consider the feasibility of creating a Hospital Assessment District and the potential revenues such a district could raise. (Supervisor Alioto)

STATUS:[5/24/93] – INTRODUCED IN BOARD; AWAITING COMMITTEE ACTION.

36. File 287-93-1. Hearing to consider the feasibility of imposing tobacco, alcohol, and/or gasoline taxes in San Francisco. (Supervisor Alioto)

STATUS:[5/24/93] – INTRODUCED IN BOARD; AWAITING COMMITTEE ACTION.

RELEASE OF FUNDS:

37. File 79-92-3.1. [Release of Funds] Requesting release of reserved funds, Mayor's Office of Community Development, in the amount of \$86,359, public service funding for the Mayor's Office of Children, Youth and Their Families. (Mayor's Office of Community Development)

STATUS:[1/4/93] – REFERRED TO COMMITTEE; AWAITING COMMITTEE ACTION.
(2/10/93 – Continued to call of the chair.)

38. File 79-92-3.2. [Release of Funds] Requesting release of reserved funds, Mayor's Office of Community Development, in the amount of \$450,000, Lead Hazard Reduction Program, for Community Development Block Grant funded child care centers. (Mayor's Office of Community Development)

STATUS:[4/5/93] – REFERRED TO COMMITTEE; AWAITING COMMITTEE ACTION.
(4/14/93 – Hearing held. Release \$50,000 recommended. (See File 79-92-3.3.) Remaining \$450,000 continued to call of the chair.)

39. File 101-91-63.1. [Release of Funds] Requesting release of reserved funds, Department of Public Works, in the amount of \$225,000, for construction of Polk Street Pavement Renovation Project; companion measure File 148-92-4.1. (Department of Public Works)

STATUS:[5/3/93] - REFERRED TO COMMITTEE; AWAITING COMMITTEE ACTION.

(5/12/93 - Continued to the call of the chair at the request of the Department of Public Works.)

40. File 148-92-4.1. [Release of Funds] Requesting release of reserved funds, Department of Public Works, in the amount of \$779,064, for construction of Polk Street Pavement Renovation Project; companion measure File 101-91-63.1. (Department of Public Works)

STATUS:[5/3/93] - REFERRED TO COMMITTEE; AWAITING COMMITTEE ACTION.

(5/12/93 - Continued to the call of the chair at the request of the Department of Public Works.)

41. File 101-92-59.1. [Release of Funds] Requesting release of reserved funds, Port Commission, in the amount \$2,300,000, for modification of two starporters cranes at the South Terminal (Rigging International, contractor). (Port Commission)

STATUS:[6/1/93] - REFERRED TO COMMITTEE; AWAITING COMMITTEE ACTION.

(Calendar 6/9/93 meeting.)

